Recent Changes in VET: ANTA’s abolition; proposed new arrangements; continuing puzzles

C. Selby Smith

WORKING PAPER No. 62
June 2005
The Monash University-ACER Centre for the Economics of Education and Training (CEET) is a joint venture of Monash University (Faculty of Education and Faculty of Business & Economics) and the Australian Council for Educational Research (ACER).

**Directors**
Gerald Burke, Executive Director (Professorial Fellow, Faculty of Education, Monash University); Phillip McKenzie (Research Director, Transitions and Economics of Education ACER); and Chris Selby Smith (Professor, Department of Management, Monash University).

**Associates**
Peter Noonan (Consultant), Julian Teicher, (Head, Department of Management, Monash University, Leo Maglen (Professorial Fellow, University of Melbourne)

**Senior Research Fellows and Research Fellows**

**Funding**
CEET undertakes consultancies for a range of State and Federal government authorities and private providers.

**Focus of Work**
CEET’s research focuses on the contribution of education and training to economic and social development. CEET projects in the last year include work on: User Choice for Apprentices and Trainees, Innovation in Vocational Education, Labour Mobility, Movement of Health workers, Migration of Workers with Vocational Qualifications, School Funding, Indexation of University Grants, Rural Pharmacy Initiatives, Inter-firm Cooperation in Training, Effects of Policy changes on Demand for Vocational Education, Transition of youth to work or further study, Changes in the Numbers and Composition of International Students.
Executive Summary

During the 2004 Federal Election campaign the Howard Government announced, rather unexpectedly, its intention to make major changes to the arrangements for managing vocational education and training (VET) in Australia. The proposed changes included: abolition of the Australian National Training Authority (including the Ministerial Council to which it had reported, its industry-led Board and its national office); a substantially enhanced role for the Commonwealth Department of Education, Science and Training (DEST: in which VET has traditionally been a poor relation to other areas, such as those responsible for higher education or schools); the establishment by the Federal Government of 24 Australian Technical Colleges (ATCs), which are to provide up to 7,200 select-entry student places at Year 11 and Year 12 level in twenty-four specified regions around Australia (eg. Warrnambool, Bendigo and Bairnsdale/Sale in Victoria); $18m. to establish an Institute for Trade Skill Excellence, which will have, as “shareholders”, the Australian Chamber of Commerce and Industry, the Australian Industry Group, the Business Council of Australia, and the National Farmers Federation; and downgrading of the union contribution to VET policy and implementation. These changes represented a significant alteration to the then current arrangements for managing VET; and had to be developed urgently, to be ready for ANTA’s abolition on 30 June 2005 and the commencement of ATC’s from the beginning of 2006.

The working paper is divided into five sections. A brief introduction sets out the main changes, followed by some background outlining the current arrangements. The third section of the paper explores various implications for the intergovernmental management of VET: for relations between Federal and State/Territory governments; for the regional VET arrangements which have been developing over recent years; and for the relations between the VET systems in different States and Territories (where substantially closer alignment has occurred as a result of ANTA’s past activity). It is also emphasised that changes are likely to occur within overall governmental structures, for example in the balance between education, labour market, economic development and industrial relations components; and the balance between central and operating agencies. The fourth section of the working paper considers various other implications, including the balance: between public and private VET; between VET and other sectors of education, such as higher education, schools, and adult and community education; between educational and industry interests (the Australian Chamber of Commerce and Industry (ACCI)) appears to be particularly prominent at present); between employer and employee organisations; and between VET and other providers of education and training (including enterprises and other providers such as professional associations, industrial organisations and equipment manufacturers). Interests, institutions and ideas have all been changing.

The final section of the working paper contains five comments, recognising that in mid-June 2005 when the working paper was finalised following the discussions at the Council of Australian Governments (COAG), the full impact of the Commonwealth Government’s changes is not fully apparent. First, the changes provide an opportunity for improvements in VET. Secondly, the new arrangements place increased responsibilities on the Commonwealth (and DEST in particular). Thirdly, developments so far raise the issue of the process by which the Commonwealth is intending to proceed (continued hectoring and attempts at central dictation or more attention to negotiation and areas of possible collaboration?). Fourthly it is important to ensure that the progress recently made in VET is
not sacrificed unnecessarily. Fifthly, disentangling the influence of changing interests, institutions and ideas in this area is not easy. So far the Commonwealth’s approach is hard to understand in terms of any genuine desire to improve outcomes in VET; perhaps it is better understood as (the only partially resolved) interim consequence of a clash of interests, ideologies and individuals.
§1. Introduction

During the 2004 Federal election campaign the Prime Minister announced, rather unexpectedly, the Government’s intention to make major changes to the arrangements for managing vocational education and training (VET) in Australia. The proposed changes included: abolition of the Australian National Training Authority (including the Ministerial Council to which it had reported, its industry-led Board and its national office) – which was consistent with the thrust of the Uhrig review; a substantially enhanced role for the Commonwealth Department of Education, Science and Training (in which VET has traditionally been a poor relation to other areas, such as those responsible for higher education or schools); the establishment by the Federal Government of 24 Australian Technical Colleges (ATCs), to provide up to 7,200 select-entry student places at Year 11 and Year 12 level in twenty-four specified regions around Australia (eg. Warrnambool, Bendigo and Bairnsdale/Sale in Victoria); $18m. to establish an Institute for Trade Skill Excellence, which would have, as “shareholders”, the Australian Chamber of Commerce and Industry, the Australian Industry Group, the Business Council of Australia, and the National Farmers Federation; and downgrading of the union contribution to VET policy and implementation. These changes represented a significant alteration to the then existing arrangements for managing VET; and had to be developed urgently, to be ready for ANTA’s abolition on 30 June 2005 and the commencement of ATC’s from the beginning of 2006.

Since then the discussion has tended to be quite confusing. In particular, it is not at all clear just what improved outcomes in VET the Commonwealth is expecting to achieve, how its individual initiatives are expected to contribute to the overall outcomes intended, and how the dictatorial and hectoring process it has chosen to adopt is likely to contribute to the achievement of better outcomes than a more collaborative and negotiated approach.

Some aspects seem clear enough. For example, the ideological set against union involvement is clearly apparent, even though in this area the unions have played a generally constructive and supportive role in the major changes which have been occurring in VET over the last decade or so, and where the Commonwealth’s criticisms of past performance appear to relate to inadequate speed rather than a wrong direction.

Similarly, ACCI’s interests are clear, both in advancing its own agenda (including its affiliates’ own commercial operations) and in disadvantaging its rivals, such as AIG among the employer organisations, and the union movement. On the other hand, if one wants a more employer-driven training system, as the Howard Government says, why abolish the industry-led Board and transfer its responsibilities into a Federal Department (and an education department at that)? While the frustrations of the Federal Ministry and bureaucracy in negotiating with State TAFE systems have been understandable, the adoption of a centralist

---

1 Appreciation is expressed for the helpful comments received on an earlier draft from Gerald Burke, Keith Harvey, Tom Karmel, Michael Long and Bob Smith. At the time of writing no comments had been received from DEST, ACCI or the two State VET authorities who had been sent a draft copy.

2 This does not, of course, cover all of the Commonwealth’s initiatives in relation to VET (such as the expansion of youth allowance eligibility, scholarships (and toolkits) for apprentices in skill shortage areas, the development of local community partnerships or the developing network of industry career advisers). For further details see the website of the Commonwealth Department of Education, Science and Training.
agenda sits uncomfortably with the relative financial contributions of the parties (less than 30% from the Commonwealth), their respective detailed knowledge of VET, the likelihood of swings in the political pendulum in the longer term, and the traditional Liberal sympathy for States’ rights and decentralised political power.³

§2. Background

The Australian National Training Authority (ANTA) was a statutory authority established in 1992 by the passage through the Australian parliament, with the agreement of the States and Territories, of the Australian National Training Authority Act 1992 (ANTA Act). ANTA resulted from a compromise at Heads of Government level, following Paul Keating’s assumption of the Prime Ministership from Bob Hawke (the Federal Minister, John Dawkins, had been a strong supporter of the new PM and appears to have benefited from a political favour in the VET area). Painter (1995, p. 12) argued that it was “brought about by coercion as much as cooperation – a Commonwealth invasion of state jurisdiction achieved through the power of the purse”. Nahan has suggested that training policy and programs is a case where state diversity and autonomy would bring competitive benefits and that “the creation of ANTA stifled this dynamic and brought an unnecessary and counter-productive drive to uniformity” (Nahan, 1995, p. 11).

ANTA was intended to provide a national focus for the VET system, reported to an industry-led Board, which advised and was responsible to the ANTA Ministerial Council (MINCO). According to Weller, the Commonwealth Department (then DEET, now DEST) resented having to deal with the states as equals and share power with ANTA (Weller, 1995). These structural arrangements continued from the time ANTA was established until 30 June 2005, when (as Prime Minister Howard announced in October 2004) ANTA was abolished and its responsibilities were transferred to the Australian Government Department of Education, Science and Training (DEST).

ANTA established two offices, the major one in Brisbane and another in Melbourne. Interestingly as a concession to the States and Territories (and perhaps as an exploratory exercise in devolution of Federal administrative activity from Canberra) ANTA never established a presence in the national capital. The Federal Department continued to advise the Federal minister on Commonwealth policies and practice in vocational education and training (VET), there were some significant personality conflicts at the bureaucratic level between the Federal education department and ANTA, and ANTA’s non-Canberra location was probably a source of weakness in terms of the flow of information within the Federal bureaucracy and negotiations with the central agencies.⁴ Nevertheless, the VET area of the Commonwealth

³ At the time of writing, the new legislation has not yet passed the Commonwealth Parliament, the position of the States and Territories was not yet finalised (or the details of Commonwealth funding), and COAG had decided to establish a Commonwealth-State working party (to report in December 2005). Clearly, the precise shape of the new arrangements, or exactly how they would operate, was far from clear.

⁴ Although whether it would ever have been a powerful player is doubtful. Even if the formal position had not changed greatly, informal links might have been stronger. ANTA was also relatively remote from the bulk of industry in Sydney and Melbourne.
Department remained a relatively poor relation to other areas of the Department, such as those responsible for universities and private schools.

ANTA employed about 100 full-time, part-time and contract staff (ANTA, 2004, p. 6). ANTA’s core roles included: developing a draft national strategy for VET (including monitoring the funding agreements with the States); development, management and promotion of the national training framework (including the development of training packages and an expanding level of national consistency); developing advice to identify and plan for future growth requirements; ensuring comprehensive up-to-date national statistical data were available; developing advice on key performance measures and reporting objectives; providing an integrated annual national report; co-ordinating national initiatives and undertaking policy reviews, evaluation and research on national priorities; and administering national programs (http://www.anta.gov.au: accessed 29 April 2005). Very considerable progress was made, in the directions favoured by the Commonwealth and industry, over ANTA’s lifetime.

Painter has argued that the establishment of ANTA was “brought about through coercion as much as cooperation – a Commonwealth invasion of state jurisdiction achieved through the power of the purse. The stimulus for the agreement was not so much a compelling, unresolvable coordination problem, although there was a need in some areas to increase the degree of standardisation and cross-border recognition. There were also gaps and deficiencies in services and in responsiveness to customers. But the states argued that under-provision and gaps had arisen not so much from their neglect as from a lack of resources and distorted Commonwealth priorities (for example, a stronger focus on higher education), and there was no reason why the problems could not have been solved by other means” (Painter, 1995). In recent years, by contrast, the increase in Commonwealth support has been markedly reduced.

However, the major administrative activities in the VET system continued to be undertaken by State and Territory authorities; and they continued to provide the bulk of the financial resources for the sector. Indeed, while the Commonwealth Government provided substantial growth funds in the years following ANTA’s establishment this tailed off in later years, encouraging States and Territories to be less willing to entertain Commonwealth wishes in terms of policies, programs and priorities (and fuelling increasing frustration by the Commonwealth authorities and their supporters, such as the Australian Chamber of Commerce and Industry, at the unwillingness of the States and Territories to act in accordance with Federal priorities).

The first CEO of the ANTA office, Terry Moran, was an able administrator, familiar with the complexities of VET after running the Victorian system, and a shrewd political operator. In later years, ANTA’s leadership capacity declined, with an increasingly apparent absence of any clear vision of how ANTA could add value to VET. Leesa Wheelahan commented that: “The last two ANTA CEOs were recruited from outside the sector, contributing in no small way to the angst within the organisation, and its gradual isolation from the sector at large” (Campus Review, 23 February 2005, p. 8). A number of other senior appointments in the office lacked detailed background in, and knowledge, of VET. In the words of a former Board member: “ANTA had passed its use-by date”. 

3
However, the appointments were all made by the ANTA Board, which continued to be industry led and which, throughout its life, was dominated by employer members. For a number of years the executive director of the Australian Chamber of Commerce and Industry was a member of the ANTA Board (although not at the time of its abolition). At the time Prime Minister Howard announced the abolition of ANTA the Board was chaired by David Hind (BOC’s managing director, process gas solutions), who stated that his predecessor, Stuart Hornery (who had chaired the ANTA Board for eight years and had been a member of the Board since it was established in 1992), had “turned eight separate, and disparate, education and training systems into a single, internationally regarded industry-led, skill-development system which now provides nationally recognised training to one in eight working Australians. It is a phenomenal achievement” (ANTA, 2004, p. 4). This is consistent with the Liberal Party’s announced intention, at the election of 1996 when Mr. Howard became Prime Minister, to link training more closely with employment, developing “an industry and enterprise driven training system … focusing on the development of direct relationships between enterprises and individuals on the one hand and training providers on the other” (Liberal Party of Australia, 1996, p. 16).

The ANTA Board advised MINCO, comprising Federal, State and Territory Ministers responsible for vocational education and training on: VET policy, strategies, priorities, goals and objectives nationally; and VET plans which States and Territories developed each year, detailing how they proposed to meet national priorities, goals and objectives. MINCO met two or three times a year; and decided matters by a simple majority. Each State and Territory Minister had one vote, while the Australian Government Minister, the chair of MINCO, had two votes and a casting vote. Nevertheless, with all States and Territories having Labour Governments, ALP Governments could outvote the (Commonwealth) Liberal-National Party Government. Similarly, the jurisdictions which actually ran VET systems (the States and Territories) could outvote those who didn’t, but thought they knew how they could be run better.

Figure 1 illustrates the complex policy environment in which ANTA has operated; and suggests some of the areas in which changes are likely to occur now that ANTA has been abolished and its national responsibilities transferred to DEST. Union involvement (and probably that of public providers) will be reduced; the distance of the key decision-makers (if they are increasingly located in Canberra) from those they are there to serve (such as individual enterprises, students and local communities) will increase; the appointment at the Commonwealth level of administrators who fully understand the complex environment in which VET operates and how it might best develop will be critical (VET positions have not traditionally been attractive to high flyers in the Commonwealth Public Service); and the cooperative relationships which have developed may sometimes be difficult to maintain, depending primarily on Commonwealth polices, practices and motivations.

ACCI’s proposed model for new national VET arrangements is set out in Figure 2 and the Federal Government’s proposals in Figure 3. The stress on Commonwealth control, responsiveness to the views of employer organisations (especially ACCI), the subordination of providers to users and the States/Territories to the Commonwealth, an instrumental view of research, and a continuing lack of interest in the non-vocational aspects of VET (a clear feature of the system for some years now) are readily apparent.
Figure 1: Who Influences the Australian VET System?

- ANTA Ministerial Council
- Australian Government Minister
- ADTAC (Disability)
- AITAC (Indigenous)
- State & Territory Ministers
- National Training Quality Council
- ANTA Board
- Australian National Training Authority
- Department of Education Science & Training
- State & Territory Training Authorities
- Registered Training Organisations
- Industry Skills Councils
- Industry
- Community
- Students

Figure 2: ACCI’s Proposed Model for New National VET Arrangements

MINISTER FOR VOCATIONAL AND TECHNICAL TRAINING

Ministerial Council on Vocational Education

NATIONAL INDUSTRY SKILLS COMMITTEE
A peak employer body nominated forum to discuss:
- Future business industry priorities
- National research priorities
- Training and workforce planning
- Business and industry views on Ministerial Council papers

NATIONAL QUALITY COUNCIL
Industry and Government Forum accountable for quality national training arrangements, standards for Training Packages and support materials, and national framework for outcomes based auditing

INSTITUTE FOR TRADE SKILL EXCELLENCE
An employer led institute with 4 key functions and associated industry reference groups, a provider advisory group and annual State/Territory Industry Forums

INDUSTRY SKILLS COUNCILS
- Development, review and improvement of Training Packages and support materials
- Provision of advice to RTOs on products and services
- Evidence of Employer Support

NATIONAL SENIOR OFFICIALS COMMITTEE
- Co-ordinate work on the Ministerial Council’s behalf & ensure Ministerial council decisions are executed
- Monitor the effectiveness of governance arrangements supporting the national system
- Oversee national data collection & reporting arrangements

JOINT NATIONAL SENIOR OFFICIALS & INDUSTRY COMMITTEE
- Develop a work plan for Ministerial Council business
- Provide policy advice to the Ministerial Council of matters referred by the Ministerial Council
- Direct national research & evaluation activities
- Form and direct national Action Groups to progress specific policy issues
- Provide a Chair national Action Groups
- Consider implications of all proposals before they are presented to the Ministerial Council, including agenda items

ACTION GROUPS (as necessary)
- Co-Chaired by Senior Government & Industry officials
- To operate under agreed Terms of Reference, KPIs, Membership and period of operation

Source: ACCI, ACCI Review, Canberra, April 2005, p. 11.
In the consultation document, *Skilling Australia: New Directions for Vocational Education and Training* (DEST, 2005), the Commonwealth argues that “Two elements have led to the success of Australia’s training system: national collaboration and industry engagement” (p. 3). It then proposes new arrangements, reproduced at Figure 3, which remove them both: industry engagement, by drastically reducing union participation and, in terms of business organisations, privileging ACCI; and national collaboration by proposing ‘command and control’ arrangements, which exclude or drastically downgrade the role of numerous important stakeholders in VET (such as the States and Territories, VET providers, and researchers). The consultation document contains useful material on ways to improve the current arrangements in VET, but little sustained argument why its central proposals will result in improved outcomes or processes in VET. Two of the “underpinning principles”, currently accepted by all Australian governments in the ANTA Agreement for 2001 to 2005, are jettisoned by the Commonwealth’s proposed new arrangements:

- “a spirit of co-operation and a commitment to partnership at a national level by State, Territory and Commonwealth Governments working closely with industry [ie. business organisations and unions] as a key stakeholder”; and
- “a recognition of the individual needs and characteristics of States and Territories within the context of the need for a national approach to VET”.

DEST reported on the “consultations with business, industry, providers and government departments” on the *Skilling Australia* document, which were conducted in February and March 2005 (DEST, *Outcomes of Consultations on the New National Vocational Education and Training (VET) Arrangements*; accessed on ANTA website on 2 May 2005). In conclusion, DEST stated that “States noted that they reserved their position on the future national training arrangements until after the Commonwealth-State Training Funding Agreement offer has been made” (ANTA website; accessed 2 May 2005).

---

5 For some commentators research is on a different (lower) level and should be treated as secondary if not ignored (as it largely is in the Commonwealth proposals). For others, research, ideas and innovation have a vital role to play, in VET and elsewhere, are being undervalued and are in danger of being damaged, to the detriment of enterprises, individuals and communities.

6 At the time of writing the Commonwealth envisaged the new training system being established through new Federal legislation during 2005 setting out national planning, funding and accountability; and through unilateral and bilateral funding agreements between Federal and State/Territory governments (not yet available publicly).

7 See Attachment 1 for a flavour of the DEST report on the consultations.
Figure 3: The Commonwealth’s Proposed National Approach

A NATIONAL APPROACH

NATIONAL GOVERNANCE AND ACCOUNTABILITY

- Legislation
- Commonwealth-State Funding Agreement
- Ministerial Council
- National Senior Officials Committee
- Action groups
- Planning and Reporting
- Client Advisory mechanisms
- Research
- Bilateral Funding Agreements

INDUSTRY LEADERSHIP AND ENGAGEMENT

- High level advice to Ministerial Council
- Input into policy development and monitoring performance
- Development and review of Nationally Recognised Qualifications, including Training Packages
- Representation on Action Groups and Advisory Mechanisms
- Participation in setting research priorities
- Input to State planning to influence resource allocation

NATIONAL SKILLS FRAMEWORK

- National Qualifications
- Online Product Support
- Quality Assurance
- National VET Quality Agency
- National Skills Agency
- Public Reporting on Provider Performance

§3. Managing Between Governments

Introduction: Intergovernmental relations have long been an important aspect of VET, with its tensions between Commonwealth, State/Territory and (to a lesser extent) local governments; between public and private interests; and between business and employee organisations. The Howard Government’s changes impact on reach of these. Five particular aspects are considered in this section of the paper: the changing balance between centralisation and devolution; a whole of government perspective on the changes; the relations between the national and State/Territory governments; possible implications of the changes for the development of regional VET arrangements; and implications for the relations between VET systems in different States and Territories.

Centralisation and devolution: The thinking in good currency, the climate of the times, has been to stress devolution of decision-making authority, from central agencies to line agencies and within them to more junior managers who are actually doing the work. Devolution and decentralisation have been the practice in the Australian Public Service for a long time now; but in a still longer term perspective there has tended to be ebb and flow in dominant modes of thinking and practice. As Thynne and Wettenhall comment “The demands of autonomy and integration in government are usually multi-faceted and often seemingly incompatible … Yet possible solutions have always been required, not in a “one size fits all” manner across the whole spectrum of organised activity, as this would be quite unrealistic and inappropriate, but in different ways that are suited to the tasks being performed. Therefore, it is not surprising to discover that most governmental systems have a variety of organisations, including many with some degree of autonomy” (Thynne and Wettenhall, 2004, p. 618).

Recent years have seen some concerns develop about the devolved policy environment and whether some re-centralisation of authority and control would be desirable. As Thynne and Wettenhall argue: “The adoption of senior autonomous agencies and corporate structures, along with the use of performance contracts, the decoupling of policy and administration and/or the splitting of funding, purchasing and providing, has done much to transform various administrative systems around the world. Research is now focusing on the results and questions are rightly being asked about the efficacy of the arrangements made” (Thynne and Wettenhall, 2004, p. 611). Inevitably, the experience of devolving authority has not been without some problems; functions which were devolved as “non-core” can come to appear more significant; and information asymmetries can develop, so that central agencies and Ministers wonder whether they have lost a degree of control. They probably have, but it is hard to think of cases where massive problems have resulted.

When Prime Minister Howard announced the abolition of ANTA after the 2004 election, as part of the machinery of government changes, the Uhrig Report he had commissioned earlier was seen as one factor in the Government’s thinking. The Uhrig Report, which stated that it “aims to have broad applicability and a timeless quality”, commented that it
“took a practical rather than theoretical approach, thinking from “first principles” in considering issues” and drawing “on the knowledge and wisdom in the private sector, which comes from the accommodation of its practical experience of when there are robust governance arrangements in place and when there are not” (Uhrig, 2003, p. 2).

Uhrig argued that: governance boards should be utilised in statutory authorities only where they can be given the full power to act; the role of portfolio departments as the principal source of advice to Ministers should be reinforced; and the Government should clarify expectations of statutory authorities by Ministers issuing Statements of Expectations to statutory authorities, by statutory authorities responding with Statements of Intent for approval by Ministers and by Ministers making public Statements of Expectations and Intent. As Uhrig said “when a board has limited power to act, its ability to provide governance is reduced and its existence adds another layer, potentially clouding accountabilities” (Uhrig Report, 2003, p. 6).

Irrespective of whether one shares the critical views of the Uhrig review and report which have been expressed by commentators such as Wettenhall and Gourley, and irrespective of whether one agrees with the view that the review’s broad outcome was largely pre-determined by senior figures in the bureaucracy and the Ministry, it is obvious that such a template would not suit ANTA (although from another perspective, ANTA might be viewed as an attempt to address creatively in one organisation the diverse interests of the different levels of government, the public and private providers, the industry partners and both the supply and demand sides). As Hood has stated in relation to statutory authorities “there are many animals in the zoo”; and ANTA differs greatly from the template presented to the Government in the Uhrig Report. Notwithstanding the fairly negative reception of the Uhrig report when it was belatedly released in August 2004, it has been seen as influential in shaping the machinery of government changes announced by Prime Minister Howard on 22 October 2004, after his re-election. Among other changes, ANTA and another statutory authority (the National Occupational Health and Safety Commission) and three executive agencies were abolished and their functions returned to the relevant Ministerial Department. Although the Prime Minister did not himself refer to the Uhrig inquiry, press comment suggested that these (and other machinery of government) changes were in line with the corporate governance recommendations stemming from that inquiry (Malone, 2004).

Whole of government perspective: The transfer of ANTA’s national responsibilities for VET to the Commonwealth Department of Education, Science and Training provides an opportunity to integrate VET policy-making more closely with other areas. First, the relocation of functions from Brisbane (and to a lesser extent, from Melbourne) to Canberra, if it facilitates greater interaction with the central agencies, could be of considerable advantage to VET, since ANTA has tended to be “a fringe dweller of the policy process” (a leading industry stakeholder). Secondly, recruitment and retention of high quality Commonwealth public servants in the VET functions of DEST is likely to be easier than in Brisbane. The centre of Commonwealth policy-making is Canberra and relocating the VET functions of the Commonwealth there is likely, in the longer term, to enable better staff to be attracted to the function and retained there. In the short term, however, the relocation is likely to be disruptive. In this interim period, which at senior
levels may last for some time, the quality of the immediately appointed or promoted staff will be critical. Thirdly, relocation of the Commonwealth’s national VET policy-making functions from Brisbane to Canberra will make it easier for them to interact with other relevant areas, such as the portfolios concerned with immigration, the labour market, industrial relations, trade and industry policies and practice, not to mention functions within DEST, such as schools and higher education (although forging these links in practice can be harder than is sometimes imagined). In this regard, ACCI is emphasising that “a better co-ordinated approach across the employment, education and training sectors is essential” (ACCI, *ACCI Review*, April 2005, p. 12); and that immigration policies should be more closely coordinated with skill requirements in the Australian labour market.

On the autonomy-integration continuum ANTA has enjoyed a high degree of self-management within a relatively loose framework of control and accountability. On the other hand, its location, structure and operation have contributed to it being isolated from important deliberative processes in government (and reduced its capacity to win additional resources for VET). Relocation to Canberra is likely to result in a tighter framework of control and accountability to central public service agencies and Ministers, but perhaps fuller involvement in the important deliberative processes of the Federal government, which would be valuable if the optimum outcomes for VET are to be achieved. Interestingly, ACCI after stating that the availability of suitably qualified employees has become “the number one constraint on future investment decisions”,

8 The issue of skills shortages, including how they are defined, to what extent they have increased in particular areas and the factors which have been causing the skills shortages which have been developing, deserve careful attention, but are not the major focus of this paper. However, whether skill shortages, to the extent they exist, are the result of inadequate VET policies in the recent past and sufficient to justify ANTA’s abolition and the introduction of the new arrangements being pursued by the Federal Government is arguable. Furthermore, if the prosecution case is strong, over a period when VET policy-making was dominated by an industry-led Board, how does that justify an increased emphasis on the importance of an employer-led system?

A rather different perspective is suggested by Minister Hardgrave’s statement in November 2004 that “New apprenticeships commencements in trades and related occupations have increased by 18%, with an estimated 66,900 commencements in the 12 months to 30 June 2004. … These pleasing results are supported by the Department of Employment and Workplace Relations Skilled Vacancy Index [released on the previous Wednesday] that indicates that trade vacancies have fallen in recent months, by 1.5% in November 2004 and by 5.3% since July 2004. Increases of New Apprentices across the trades and related occupational areas occurred in: Electrotechnology – up 21%; Construction – up 15%; Automotive industry retail, service and repair – up 12%; and Hairdressing – up 23%. Encouragingly, the numbers of young people commencing a New Apprenticeship continues to rise with 106,200 commencements (41%), in the 19 years and under age group [the Minister said]. Completions are also on the rise, with 133,000 completions in the 12 months to June 2004, up 12% from the previous year.” (The Hon. Gary Hardgrave MP, Minister for Vocational and Technical Education, and Minister Assisting the Prime Minister, 26 November 2004).
Similarly, in a Media release on 28 February 2005 Minister Hardgrave stated “Today’s New Apprenticeship figures confirm a huge surge in interest in New Apprenticeships in skill shortage trades. Commencements in trades and related New Apprenticeships increased by 19% in the 12 months to September 2004. Currently, there are 148,400 New Apprentices in training in trades. This positive result demonstrates that the leadership and initiatives of the Howard Government, in partnership with the real and substantial commitment of employers are having an effect on New Apprenticeships training in the trades area. .... The National Centre for Vocational Education Research report notes that completions are up 11% from the previous year, with 135,700 completions in the 12 months to September 2004. Once in the New Apprenticeship system, people are completing their qualification at record levels, the Minister said. Also welcome is the fact that School-Based New Apprenticeships commencements have increased 52% to 11,400 in the 12 months to September 2004”. Here again the Minister’s announcement suggests a VET system performing quite well, although no doubt capable of further improvements.

Detailed statistics on apprentice and trainee activity are published by NCVER on a regular basis, and on vacancy trends in particular industries, trades and professions by DEWR. There are also studies in specific States. For example, a study of New Apprenticeship Trends in Queensland (NCVER, 2004) concluded, inter alia, that “Apprenticeship numbers in Queensland have reached record levels in 2002”; “since 1993 [ie. approximately when ANTA was established] Queensland broadly follows the national apprenticeship trends with the number of apprentices and trainees more than doubling from 27,700 in 1995 to 61,800 in 2002”; “In June 2002 New Apprenticeships made up about 3.2% of Queensland’s labour force, a significantly larger proportion than in 1985 (1.7%)”; “with one exception, apprenticeships and traineeships of all durations continue to grow. New Apprenticeships of one year’s duration or less have declined by 18% since 1999”; “the percentage share of the total number in training for those aged 40-60 went from around 1%, or 33 in 1995 to almost 12%, or 7,300 in 2002”; “There are strong indications of New Apprenticeships providing increased opportunities for young people (aged 15 to 19), females, Aboriginal and Torres Strait Islanders, and people with a disability”. These facts suggest that the VET system, under the existing arrangements, is doing many things well; although no doubt there are areas where it could do better.

NSW has also advanced proposals to tackle skill shortages in the State. For example, NSW is establishing a pilot scheme to fast-track 450 apprentices, compressing a year of TAFE training into four months at a cost of $2 million. An additional 5,600 TAFE places will be made available over the next four years for apprenticeships in high demand occupations. Travel assistance is to be doubled for 500 apprentices and trainees from regional and rural NSW. Also, a new reporting system is to be put in place to ensure that at least 20 per cent of trade work on construction projects worth more than $2.5 million is performed by apprentices.

Similarly, an evaluation of New Apprenticeships chaired by DEST (and including Commonwealth Department of Finance and Administration, Treasury, PM&C and DEWR officials on the steering committee) concluded that New Apprenticeships had been a valuable policy initiative (DEST, 2004):

- “New apprenticeships is a national system of training that officially began on 1 January 1998. They represent a major reform and modernisation of the arrangements for entry level training (previously separate apprenticeship and traineeship systems). Currently there are in the order of 400,000 people engaged in New Apprenticeships, an increase of over 200,000 people since their introduction in 1998. New Apprenticeships now represent more than 4% of the workforce.” (p. 3)
argues that “while there is no quick fix to labour and skill shortages … a lasting solution should involve action in three key areas: [including] growing the skilled workforce locally – ensuring that the Vocational Education and Training sector is adequately funded” (ACCI, ACCI Review, 2005, p. 10). The abolition of ANTA and the augmented responsibilities of DEST will certainly clarify the locus of bureaucratic responsibility at the national level for making progress in VET.

In its consideration of how to build policy coherence in government the OECD has argued that:

- establishing a strategic policy framework helps ensure that individual policies are consistent with the government’s goals and priorities;
- the existence of a central overview and co-ordination capacity is essential to ensure horizontal consistency among policies;
- mechanisms to anticipate, detect and resolve policy conflicts early in the process help identify inconsistencies and reduce incoherence;
- the decision-making process must be organised to achieve an effective reconciliation between policy priorities and budgetary imperatives;
- an administrative culture that promotes cross-sectoral co-operation and a systematic dialogue between policy communities contributes to the strengthening of policy coherence (OECD, 1996, pp. 41-42).

In each of these respects the abolition of ANTA and the transfer of its national responsibilities in relation to vocational education and training to DEST can be argued to promote the conditions for greater policy coherence, at least at the level of the Commonwealth Government.

- “Overall the evaluation found that New Apprenticeships have been very successful in increasing participation in structured training, in particular opening up new and more flexible opportunities across occupations and industries that have not had a history of structured training. The evaluation identified growth in New Apprenticeships as being highly responsive and relevant to industry need.” (p. 4)
- “The evaluation also showed that in terms of structural change, there is now a greater spread of occupations employing New Apprentices and increased participation in training at higher skill levels – New Apprenticeships are now available in more than 500 occupations, reflecting more closely the structure of the current workforce. Incentives have proven to be a very effective lever in increasing participation in training.” (p. 4)
- “Employment outcomes were found to be very strong with equally strong prospects of ongoing employment. Many individuals were shown to have made a transition from temporary or casual employment to permanent and full-time employment while many others gained employment after being unemployed or not in the labour force.” (p. 4)
- “Overall the Australian Government contribution to New Apprenticeship training is matched by a strong financial commitment from States and Territories and by industry and there is little evidence of cost shifting between employers and Government. There is insufficient evidence to form a conclusion on cost shifting between levels of Government.” (p.4)
To what extent will the relocation of national responsibilities affect the “industry-led” nature of VET to which the Federal government has given continuing support? Among the industry partners, the present changes have been advocated by the employers rather than the unions (and certainly not by the States or the public providers), and especially by the Australian Chamber of Commerce and Industry. In its recent discussion of the future of skills development in Australia following the abolition of ANTA (ACCI, *ACCI Review*, April 2005, pp. 10-12), ACCI emphasises “the need for industry to be at the centre of the development of the VET system” (p. 11), but says little about the conflicts of interest it faces – for example, in balancing its policy interests with its commercial interests, given that its affiliates run New Apprenticeships Centres and operate registered training organisations, which compete with State TAFE systems and other providers.

Interestingly, some concerns can be discerned in other statements. For example, ACCI states that: “The Australian business community needs to take direct responsibility for driving future reforms in accordance with its own priorities and be proactive rather than waiting [as in the past?] for governments to consult those responding to an agenda that has already been largely fixed”; “It is also up to business and industry to encourage governments to adopt best practice innovations that are currently being developed in different subject areas at different locations across Australia”; “Business and industry needs to take greater responsibility for celebrating excellence in training provider practice or instigating ways to improve provider practice”; “National approaches to build client knowledge of careers and training strategies and increase the understanding of employers and their rights and responsibilities under New Apprenticeships” (emphasis added); and “Senior level industry leadership should be a key plank of the new system. ACCI believes that the Presidents or Vice Presidents of employer organisations should be included in the proposed National Industry Skills Committee. This would make the Committee more accountable to its constituencies and demonstrate that industry is committed to skills development at the most senior level”.

A DEST report on the outcomes of consultations on the new national VET arrangements noted that: “All stakeholders strongly supported a national system with industry leadership and engagement” (*http://www.dest.gov.au/sectors/training_skills/policy_issues_reviews/key_issues/anta/information.htm* - accessed 5 May 2005). Yet it is not clear just what advantage they would enjoy, given that the previous ANTA Board – a centrepiece of the arrangements which are being abolished – was dominated by employer representatives and for most of its life the CEO of ACCI was a Board member. And, to the extent that employer organisations want to see things done differently in VET in the future, how exactly will they seek to exercise their new leadership role? In the short run the employer organisations, such as BCA, AIG and

---

9 Will they, for example, encourage a significant narrowing of the curriculum to conform with the short-term perceptions and time horizons of (some) employers and seek to reduce much vocational education to mere occupational training? To what extent will they seek, or achieve, a veto power in relation to certain possible developments?; or influence particular resource allocation decisions?
ACCI, will no doubt be influential advocates with the Minister and his Department.  

_Campus Review_ has stated that “Some senior observers believe ACCI – whose leader Peter Hendy has the ear of the Prime Minister – has out-maneuved AIG in having its recommendations adopted“ (Campus Review, 2 March 2005, p. 7). But the employer organisations do not always speak with one voice or trade-off similarly their priorities for VET with their priorities in other areas. In the longer run it must be doubtful whether employer organisations will have more influence on a Department of State, especially an education rather than an industry Department, than on a business-dominated Board (let alone if an ALP Government is re-elected).

**Relations between the Federal and State/Territory Governments:** Traditionally, conservative governments in Australia have tended to be defenders of the federal system, suspicious of growing central power and in favour of diverse sources of political authority. However, in recent years, with a Liberal-National Party government in power in Canberra and ALP governments in power in every State and Territory there have been signs of frustration at the slow working of Federal-State negotiations, the unwillingness of the States to act in accord with Federal priorities and the political difficulties of introducing the GST (borne by the Federal Government) combined with the increasing freedom of manoeuvre it is affording State governments. VET, especially TAFE, has traditionally been a State function. And despite Federal interest in the sector over a long period (for example, the 1974 Kangan Report under the Whitlam government, the establishment of the Technical and Further Education Commission and then its absorption within the Commonwealth Tertiary Education Commission), it remains predominantly an area of State authority, control and provision. Indeed, VET remains one of the areas in which States compete with each other, including for industrial development, economic and population growth, and the overall quality of life in their jurisdiction. Nahan (1995, p. 11) argues that training policy and programs is a case where state diversity and autonomy would bring competitive benefits, while “the creation of ANTA stifled this dynamic and brought an unnecessary and counter-productive drive to uniformity”. VET is still a set of State systems, albeit with increasingly national features, reflecting differing traditions and geographic and demographic realities. States and Territories remain, as they always have been, the level of government which administers the VET system and provides the bulk of the financial resources which it receives from governments. Their reluctance to change established arrangements has been a major reason why ANTA could not always achieve what it wanted. One

10 Particularly perhaps the ACCI, which has put considerable effort into VET policy-making, consults widely with its large membership and whose CEO, Peter Hendy, was a former chief of staff to the current Federal Minister for Education and, before that, the long time chief of staff to Peter Reith.

11 Nahan has argued that “the most potent driving force for innovation and reform is not collaboration and agreement, but competition. Collaboration in this view blunts and undermines the competitive dynamic and produces an unnecessary level of conformity that stifles initiative and experimentation” (Nahan, 1995). He draws on the model of competitive, arms’ length federalism, in which self-interested, competing governments and political leaders strive to offer the most efficient and responsive packages of goods and services.
interpretation of the Howard Government’s current changes is in terms of a desire to assert a stronger Federal role in VET.

If so, what might the Commonwealth have in mind? The Federal Government’s pronouncements so far have been embarrassingly thin in terms of what practical improvements the changes are expected to achieve – although the May Federal Budget confirmed its funding for some previously announced training programs, such as $120 million to extend youth allowance to new apprentices, provision of an $800 tool kit to starting apprentices (at a cost of $28.7 million in 2005-06), and the provision of scholarships for apprentices in skill shortage areas (at a cost of $106 million). There appear to be at least five possible Commonwealth objectives. First, the Commonwealth may be seeking to integrate its VET policies more effectively into its overall policy-making arrangements, including within education, through closer integration with higher education and school policies, and between education and other Federal policy-making areas, such as immigration (where the Commonwealth announced an increase of 20,000 in skilled migration at a cost of $36 million in the May Budget), industrial relations, the labour market (for example, in the Federal Budget of 10 May the Commonwealth is offering $42.6 million over three years to the States and Territories for 12,300 skills training places aimed at attracting older workers back into the workforce), and industrial development. Secondly, the Commonwealth initiatives may be intended to strengthen the demand side (especially that of enterprises and their representative organisations) relative to the supply side (represented by State and Territory governments and the VET providers, especially TAFE). This has been a notable feature, and generally a successful one, even in the view of State VET bureaucrats, of the changes to VET since the election of the Howard Government in 1996. Interestingly, it was similar motivations which appear to have led the Keating Government earlier to embrace the training reform agenda and establish ANTA. A third objective is probably to reduce trade union influence in training matters; although this runs counter to the drive to address alleged skill shortages in traditional skills, where unions have played an important role, are strongly supportive of addressing skill shortages, including through improved training arrangements, and can ease the transition from education into effective working life. A fourth (related) objective may be to increase the influence in VET policy-making of the Federal Government’s traditional business supporters, notably the Australian Chamber of Commerce and Industry, which exerted pressure in a favourable pre-election environment (and which, in turn, may be seeking to strengthen its position, including vis-à-vis its rival business organisations, especially AIG).

Finally, the Federal Government may be seeking to raise the status of VET training, especially in the traditional trades, by initiatives such as the proposed Institute for Trade Skill Excellence, a goal which would command wide support. The Commonwealth has also been supporting the development of a network of industry career advisers. The Institute is expected to identify for employers and apprentices which training institutions are offering the best course in particular trades. (Given that some of the business

12 In this regard, it may not be irrelevant that the former head of DEST, Dr. Peter Shergold, is currently the head of PM&C.
organisations also run registered training organisations there is clearly scope for conflict of interest.) In his media release of 22 October 2004 announcing the Fourth Howard Ministry, the Prime Minister emphasised that “The Government is determined that greater emphasis is to be placed on the value of vocational education and training, with school students given greater assistance from employers to choose the career path to which they are best suited”, and that “The Hon. Gary Hardgrave MP … will work directly with the Government’s industry partners, private and public training providers, and the States and territories in funding and delivery of vocational education” (p. 3).

However, it appears the attempt to raise the status of the trades and vocational education could have been approached through a less confrontational approach for other VET stakeholders than through an arrangement in which the “shareholders” are confined to ACCI, AIG, BCA and the National Farmers’ Federation. This matter has also been of concern to State governments. For example, in February 2005 the Victorian Government announced that it would “appoint youth ambassadors to promote careers in manufacturing among Victoria’s school children. Thirty secondary schools have been targeted in an effort to boost the industry’s skilled workforce” (The Age, 27 February, 2005, p. 5).

Interestingly, perhaps rather surprisingly, ACCI sees the proposed Institute as responsible solely to the Commonwealth Minister, rather than jointly responsible as well to those who fund and administer the various VET systems across Australia, and as dominated by employer organisations to the almost total exclusion of other important stakeholders (such as providers, researchers and unions) who could make a useful contribution to achieving the objectives of the Institute. Relatedly, the narrow ‘command and control’ approach proposed by ACCI, and seemingly being adopted by the Commonwealth, seems unlikely to facilitate the achievement of some of ACCI’s stated objectives from the current reorganisation, for example, “development of up to date careers materials for school students, teachers and parents on traditional trades and other priority industries”; “exploring ways to decrease the need to undertake full training if a person has clear competencies required for a qualification (Recognition of Prior Learning)” ; “developing ways of upgrading existing workers skills to enable them to work with new technology”; and reform of New Apprenticeship funding and structures” to take account of the different client, provider and regulatory requirements for entry level and existing workers as well as job seekers and migrant workers”.

The process which the Commonwealth is adopting to pursue its objectives is interesting. On the face of it the Commonwealth authorities appear driven by ideology and short-term considerations rather than by a pragmatic assessment of what is likely to produce the best results for VET stakeholders, including enterprises and VET students from its initiatives, especially in the long run. There is likely to be considerable diversion

---

13 In a recent Survey of Australia The Economist argues that “a second wave of reform is now urgently needed … But now there is a chance for change. At last October’s general election, Mr. Howard’s coalition gained control of the Senate … The list of what needs doing is a long one: … [including] better relations between the federal government and Australia’s six states and two territories”. (The Economist, “A Survey of Australia”, 7 May 2005, p. 4).
of energy, resources and political capital into negotiating and implementing the proposed changes. At least in the short run this seems likely to divert attention from other, arguably more important, matters, such as addressing skill shortages, and to render more difficult careful, dispassionate analysis of the complex arrangements in VET and how they could be improved. It is not likely to be a policy climate in which research or evidence will be given any high priority. In the longer run, industry’s input into policy-making is likely to be diluted by the abolition of ANTA, with its industry-led Board, and the transfer of its functions into DEST, a Department of State (and one with some remnant of its earlier educational perspective?).

At the time of writing (mid-June) a big unknown is how the States will react to Commonwealth provocation. Any thought that the States and Territories can be ignored can be dismissed out of hand. They run the VET systems throughout Australia, especially TAFE. They provide the bulk of the resources for VET. They hold the constitutional authority for education, including VET. Their financial position, which has long been their weakness when negotiating with the Commonwealth, is being strengthened over the longer term by the GST; and in any case the Commonwealth, over recent years, has been refusing to augment its contribution of growth funds for VET, much to the annoyance of the States (which understandably, in the circumstances, have become less willing to accommodate the Commonwealth’s policy priorities when they differ from their own).

In relation to the Commonwealth’s proposal to establish twenty-four Australian Technical Colleges for 7,200 select-entry student places at Year 11 and Year 12 level, the position of the States is, if anything, even stronger. Teacher registration is a State matter, as is registration for schools, while State approval is required before academic courses such as english, maths and science (which ATC students will be studying) can be accredited. If ATC’s involve TAFE colleges, as many of them might, State Governments will inevitably be involved in deciding whether they can participate in ATC’s and on

---

14 A very different approach has been advocated by Professor Brian Galligan, who argues that the Australian “federal system is essentially intergovernmental, as are major policy areas [including education], and has to be managed as such. … In my view, the single most important step in reinvigorating intergovernmental relations is for everyone concerned to take an intergovernmental approach, starting with the basic recognition that it is an intergovernmental system that has to be managed and that major policy areas like health, education and the environment, as well as those that affect business and industry, are intergovernmental” … We have concurrency or sharing as the dominant feature of Australian federalism and intergovernmental relations. These features of federalism and propensities of governments need to be recognised in designing intergovernmental institutions and in intergovernmental management. They are not likely to go away and cannot be ignored. Moreover, in my view it is a net benefit to have both levels of government involved in major policy areas that run across jurisdictional boundaries – two governments can be better than one in dealing with them, but they need to work together.” (B. Galligan, Contemporary Challenges in Public Administration: Reinvigorating Commonwealth State Relations, Institute of Public Administration Australia (Victoria), October 2004, p. 7 and p. 11). The comments apply to State frustration of Commonwealth initiatives under ANTA, as well as to the initiatives currently being pursued by the Federal government.
what terms. The Federal government is also expecting State and Territory governments to provide funding for each student, as is the case for other schools. Minister Hardgrave was reported (The Age, 27 February 2005, p. 5) as confirming that the States and Territories would be “asked to provide funding, approve the curriculum and register the Federal Government’s new technical colleges”. Minister Hardgrave emphasised that the ATCs “will be run by business consortiums. Principals and teachers will have performance based pay and business can have naming rights. … Its actually about forging a relationship like there’s never been before between the business sector and the education and training sector of that community … Business is often complaining that they’re not satisfied with what they’re getting out of training and education, so it’s now a chance for business to put up completely and get involved”.

At the time of writing (in mid-June) there had been no agreement reached on the proposed four-year deal on funding for VET between the Commonwealth and State/Territory governments. The Australian Financial Review reported in early May that “an official working party set up by State and federal ministers to discuss the proposed funding agreement … is due to report back to the next Ministerial meeting in June” (Australian Financial Review, May 7-8, 2005, p. 16). And COAG, after agreeing that “raising and recognising the skill level of the Australian workforce will improve workplace participation and productivity and help address the challenge of an ageing population” and that “there has been significant reform of the Vocational Education and Training (VET) system in recent years”, agreed that “there is scope for further whole-of-government action” (COAG Communique, 3 June 2005). COAG decided to establish a joint Commonwealth-State working group to report back in December 2005.

7,200 places in the upper two years of secondary schooling, while useful, is not going to transform the existing schools or VET in school arrangements; although in some places, particularly regional areas with small populations, diversion of students, staff and resources to an ATC could adversely affect existing provision or planned extensions. Forging a sensible relationship with what is already being provided is likely to be a major challenge, but critical to the success of the whole venture. (The industrial relations demands of the Commonwealth, while seemingly not essential to the success of ATCs, are likely to be a particular point of tension with the States.) The ACCI, in supporting the launch of the government’s ATC discussion paper in January 2005, stated that “This initiative, which was announced during the 2004 Election campaign, will provide young Australians with a new and exciting education and training alternative. Australian Technical Colleges, in combining vocational education and training with academic education in the subjects required for Year 12 Certification, will increase the status of a trade education among Australian youth and the community generally and open up flexible career paths for the College graduates. The Australian Technical Colleges will address skill shortages in the Australian economy through the concentration of training in industries where skill shortages have been identified and by location in regions throughout Australia where employers have experienced difficulties in attracting skilled
staff. The strong community involvement in the governance of the Colleges will ensure that the training and education provided in the Colleges is relevant to the communities in which they are based. ACCI believes that involvement of local industries in the establishment and management of the Colleges will ensure the training provided will be leading edge and will contribute significantly to providing the students with skills that will enable them to gain ongoing employment and further training in their chosen occupation. ACCI plans to undertake a facilitation role in the development of the Colleges and will bring all relevant parties together to ensure that development processes meet the needs of industry” (ACCI, Media Release, 13 January, 2005, Canberra).

If the Commonwealth is really determined to make unilateral decisions, to ignore the States and to provide little in the way of additional resources for VET it raises the issue of how it believes this will result in improved outcomes, even for its key supporters such as ACCI, let alone for the wider Australian community, compared to a more open, inclusive and co-operative policy environment. The foreshadowed approach also runs the risk of divorcing policy-making (increasingly at the Federal level) from effective implementation (which will continue to require action at State, Territory, provider and local level). The risk of a significant gulf developing between policy-making and implementation was one of the key concerns which led State governments to reject Minister Dawkins’ earlier offer for the Commonwealth to assume full funding and policy responsibility for technical and further education.

Painter has argued that “Cooperation – the search for common ground as a basis for joint action – is viewed as one among several ways of resolving problems of coordination. Others include central command and ‘partisan mutual adjustment’ (Lindblom, 1965, pp. 25-34). … In federal-state relations cooperation is always partial and conditional and occurs when parties, because their actions are interdependent, see the possibility of mutual benefit. They can still retain distinct (perhaps otherwise conflicting) purposes. Cooperation is voluntary and signifies a relationship between entities capable of non cooperation – of divorce (or secession), competition or conflict … Cooperation can also be a ploy to use in bargaining. Intergovernmental cooperation is tactical, and it will normally be temporary because it exists with competition and conflict” (Painter, 1995, p. 4). If these views are accepted it suggests that the current Commonwealth approach is likely to be ineffective, more costly than it need be for achieving its objectives, and in need of modification.

Regional VET arrangements: The centralisation implicit in the changes proposed by the Howard Government runs counter to the growing recognition in recent years that VET has an important role to play in regional development. Howard and Buultjens, on the

---

15 Although little hard evidence has been provided to support the choice of these locations relative to the needs of other regions which will not attract ATC funding.

16 Painter comments that “cooperation, while voluntary, can be induced and maintained by sanctions, for example the moral sanctions that develop from a ‘culture of cooperation’. By definition, however, if the capacity to impose sanctions is too unevenly distributed we more than likely have coercion” (p.4).
basis of 1986, 1991 and 1996 census figures, found that rural and regional Australia has generally under-performed metropolitan Australia in terms of unemployment, participation in the workforce and job growth (Howard and Buultjens, 1999). They also discovered a great deal of variation, both between regions, and within regions over time. And the Australian Council for Educational Research has noted that the VET system plays an important role in the transitions from school to work for a wide range of young people, particularly those who are disadvantaged, including those based in rural areas, and that “there is room for VET to do more in serving the needs of these groups” (ACER, 1998, p. xvii). Of course, it should not be overlooked that education and training institutions, including VET institutions, can be significant enterprises in their own right. They employ staff, purchase goods and services from local or external suppliers, and construct buildings or other facilities. They can be an important source of income to the local community; indeed, in certain cases they are one of the larger enterprises in terms of their economic contribution to the local economy (Selby Smith, pp. 604-646 in Anderson, Batt, Beswick, Harman and Selby Smith, 1975). Another study has considered the extent of provision of different VET courses, at different academic levels, in different locations and for different skills and occupations in terms of their potentially powerful and pervasive effects on other economic activities, firms and regions and on the particular skill mix chosen by local enterprises (Maglen and Selby Smith, 1995).

Education and training resources are a vital ingredient for economic growth; vocational education and training has an important complementary role alongside higher education (and enterprises themselves) in providing and maintaining a strong learning culture in regional communities; and participation in VET is higher in many country areas than in the cities. Such an orientation could be put at risk if future Commonwealth policy for vocational education and training is driven unduly by the short-term perceptions and dictates of industry representatives and by a centralising national bureaucracy. Regional VET institutions also have the potential to advantage local people in the wider labour market if they seek to work elsewhere. This has, of course, not gone unrecognised in the past by State training authorities.

Queensland, for example, a large State with a relatively small and dispersed population, while cognisant of ANTA’s priorities throughout the process of determining its own State priorities, testing for alignment nationally, for instance, in relation to populations, industries and client groups, has found interesting variances at the regional level. As the Queensland training and priorities document for 2003-04 stated: “Regions often form natural labour markets as people live, work and undertake training in the same area. Within these markets, specific training and employment needs and opportunities emerge” (p. 7). Queensland has been developing VET plans for the six departmental regions in the State in order to become more sophisticated about ensuring government-funded VET, and its relationship to other education and training activities, are aligned to regional economic and social development priorities within overall State priorities. Queensland has also specified place or regional capacity building as a funding priority; and developed comprehensive education and training reforms for the future, which (while focusing primarily at the school level) are also relevant for post-compulsory education and training. For example, the Cape York employment and training strategy seeks to provide
community-driven training and strategies aligned to economic and social plans to Cape communities, and to improve competency completion rates, through improved funding arrangements.

Another approach to assist local industries, individuals and communities (including in country regions), which has been adopted in Victoria, is to establish local learning and employment networks (LLENs). The LLENs bring together local education and training providers, enterprises, community and industry representatives to: identify gaps in the provision of education and training locally; plan the development and delivery of educational programs for young people which will assist in meeting the targets for better completion rates and employment outcomes; take a strategic approach to developing pathways for local young people, especially those at risk of dropping out; monitor these pathways and outcomes to ensure they are beneficial to young people; and advise the Victorian Learning and Employment Skills Commission (VLESC) on the needs of young people in the area (www.llen.vic.gov.au). The LLENs are also to be responsible for community renewal and strengthening; minimising duplication and wasteful competition; and acknowledging that communities and industry share responsibility and ownership of post-compulsory education and training. Though the LLENs are still relatively new the Gannawarra example (see Selby Smith and Ferrier, 2004, Attachment 2) suggests that they are already proving to be successful in strengthening relationships between education and training providers, communities and industry; playing a significant role in ensuring attention to learning, skills and training needs at the local level; and contributing to the establishment of co-operative approaches in their regions.

Against this background, what impact on regional VET arrangements is there likely to be from the Howard Government’s announced changes? In practice, it might be argued that most VET providers will continue to relate to their State Training Authority, although this is not what emerges so far from the Commonwealth’s vision of how the new arrangements will work in the longer term. On the downside, transfer of ANTA’s national functions to DEST’s head office in Canberra could increase the distance, both geographical and psychological, from the key VET practitioners who provide facilities and services to enterprises, individuals and communities. One size will most definitely not fit all; and DEST’s relationship with universities illustrates the difficulty it has in meeting diverse needs in diverse ways. If the latent Federal antipathy to States and TAFE results in a weaker TAFE sector (it need not, but it could), this will imply losses to regional enterprises, individuals and communities. On the other hand, the Federal Government’s ideological opposition to union involvement in VET is likely to be less important in rural and regional areas, where union membership and influence tend to be less than in the cities. ACCI, an influential lobby group on these issues at the present time, has also noted the importance of action in relation to rural and regional Australia.

17 For example, a recent Survey of Australia in The Economist states that “Brendon Nelson, the education minister and a rising star in the Liberal Party … is scathing about the states-run TAFEs (Technical and Further Education colleges) – places where, he says, people go to learn party management and belly-dancing, whereas the number of places for would-be car engineers has been cut” (The Economist, “A Survey of Australia”, 7 May 2005, p. 7).
There could be four other potential advantages of the change. First, the needs of country areas are likely to receive considerable priority in a government where the National Party is an important part of the coalition and the Deputy Prime Minister is a National Party MP. Second, expanded third party access, which ACCI is requesting (ACCI, 2005, p. 11) and which is more likely to occur at Federal level, and probably under a L-NP Government, has the potential to improve training opportunities for country enterprises and individuals (for an earlier discussion see Selby Smith and Selby Smith, 1997). Third, ACCI’s influence on the Howard Government’s implementation of its announced changes is likely to include them arguing strongly for the provision of “new and more responsive training products to engage small and medium size enterprises (the bulk of ACCI membership)” (ACCI, 2005, p. 10). This has been a continuing weakness of the national VET training arrangements and addressing it would be especially valuable in rural and regional areas, when SMEs are disproportionately important (for example, see Selby Smith and Ferrier, 2004). Fourthly, the Howard Government’s intention to provide up to 7,200 select-entry student places at Year 11 and Year 12 levels from the beginning of 2006 (at a cost to the Commonwealth of $65.4 million in the first year) will benefit a number of regional areas (for example, the six specified regions in Victoria include Warrnambool, Bendigo and Bairnsdale/Sale) – although these students will not start to join the full-time workforce until 2010. Also, the inclusion of the National Farmers’ Federation as one of the four “shareholders” is likely to facilitate benefits for rural and regional communities (so long as the implementation of the ATC’s does not damage existing provision in country areas, for example by making existing VET in schools programs unviable).

Relations between VET systems in different States/Territories: Traditionally, the individual States and Territories have run their own VET system with relatively little interaction or policy co-ordination among themselves, but with increasing interaction with ANTA and to a lesser extent the Commonwealth, often at one remove. ANTA has generally sought to make decisions collectively with the States, although the industry partners were often seeking to enlist ANTA so as to engender more rapid change in training arrangements in the direction favoured by industry. Frustration among the industry partners may well have been a factor in the Commonwealth’s decision to assume a more assertive role in VET policy-making. Indeed, this relatively autonomous operation of the individual State VET systems has been a persistent irritant to industry, especially to enterprises which operate across State and Territory boundaries. Much of ANTA’s activity – and much of it was successful – was oriented to developing national aspects of the system, such as registration of providers, a national qualifications system, consistent training packages, the balance between public and private providers (with greater opportunities for the latter) and the tilting of the balance between VET providers and users in favour of the latter (originally enterprises and individuals, but increasingly enterprises over recent years).

The new system could be a hub and spoke model or one with greater liaison and even policy co-operation between the States and Territories. The hub and spoke model, where
Canberra decides (in an extreme version, at the behest of ACCI), the States obey and a strict audit process ensures compliance, appears to be the original model envisaged by the national government. It has its own logic, although a command and control logic is at odds with the Federal Government’s more general support for markets and competition. An alternative future would see the States and Territories (currently all ALP governments), responsible since before Federation for running the Australian VET systems, strengthening their policy co-ordination. Negotiating jointly with the Federal Government rather than individually is likely to strengthen the States’ and Territories’ position and enable them to achieve to a greater degree their own policy objectives. These State objectives might include, for example, continuing union involvement; maintenance of a vibrant TAFE sector; balanced policy-making and implementation between public and private providers, between providers and users, and between enterprises, individuals and communities; between narrow technical training and the wider education and training objectives traditionally associated with TAFE; and between equity and efficiency objectives.

The Commonwealth and its key supporters, particularly ACCI, have indicated how they would like the processes to work following ANTA’s abolition. Now it will be interesting to see whether the States and Territories agree with this vision of future processes in VET and, if not, what they propose instead. The example of the Medicare negotiations clearly shows that if States negotiate individually with the Commonwealth the Commonwealth tends to achieve its objectives, and is able to override State objections, whereas joint State/Territory negotiation with the Commonwealth (even if only the key States participate) results in a greater probability of the power relationships becoming more equal and the achievement of State objectives more likely.

§4. Managing Between Sectors

Introduction: In this section of the paper consideration is given to four aspects of managing between sectors which may be affected by the abolition of ANTA and the transfer of its national VET responsibilities into DEST: the relationships between VET and other sectors of education; the balance between public and private provision of vocational education and training; the relationships between VET and the industry partners; and the relationships between VET and other providers of vocational education and training (particularly enterprises, but also professional associations, industrial organisations, and vendors of equipment and services). Some of these aspects reflect potential changes in the intergovernmental arrangements discussed in the previous section and in party political alignments.

VET and other sectors of education: The transfer of ANTA’s national responsibilities for VET into DEST will facilitate more effective integration of policy-making between VET and higher education. This is important, since many VET graduates proceed to study in
higher education and an even larger number of university graduates undertake subsequent study in vocational education and training institutions. Linkages could be addressed more effectively, with particular benefits in smaller centres, where more effective integration of VET and higher education policy-making and planning would facilitate improved sharing of existing facilities, introduction of enhanced third party entry arrangements (Selby Smith and Selby Smith, 1997) and – in the longer term – improved facilities for the benefit of all parties. Buckpassing and cost-shifting between governments would be more obvious and probably less likely, especially on the assumption of increased financial responsibility by the Commonwealth.

On the other hand the transfer of ANTA’s national responsibilities for VET to DEST may make effective co-ordination of policy-making, planning and implementation with schools and ACE (adult and community education) more difficult. In recent years there has been improved co-ordination at the State level between VET and schools, including combination of the separate sectors into a single department (as in New South Wales, Victoria and Western Australia). This has provided opportunities for improved co-ordination, enhanced integration, the removal of some silos and benefits for providers and users (although it can be risky if the dominant focus on schools swamps the legitimate needs of VET).

The growth of VET in schools means that over 95 per cent of Australia’s secondary schools offering senior secondary programs now offer VET to their senior students. In 2003, over 200,000 school students undertook programs at school that could lead to Certificate I, II or III qualifications as well as a senior secondary certificate. 10,568 school students commenced part-time school-based apprenticeships in 2003, which means that, while studying their senior secondary certificate, they were also trainees and apprentices, participating in a work-based pathway. The Commonwealth Budget of 10 May 2005 provides about $6 million for an extra 7,000 school-based new apprenticeships (not all of which, of course, will be apprenticeships and not all of which will be in the traditional trades: at present there are few traditional trades among the school-based apprenticeships).

In relation to adult and community education it has always operated in diverse ways, meeting the diverse needs of a diverse population. Considerable damage could be inflicted on ACE if a command and control approach was to be rigidly applied from Canberra.

Overall, there appear likely to be advantages from the Howard Government’s changes in bringing VET closer to higher education, but possibilities for disadvantage in pushing VET further from schools and ACE. To maximise the potential benefits, while minimising the potential disadvantages, presents substantial administrative challenges to the Federal bureaucracy. It would be valuable to establish clear performance indicators and a transparent process of comparing what actually happens against what existed previously and what concrete objectives the new arrangements are meant to achieve.
The balance of public and private provision: A significant issue during ANTA’s operation has been the balance of VET provision between public and private providers. User choice, for example, was being piloted under the Keating Government, but since the election of the Howard Government in March 1996 it has become a more significant aspect of the provision of vocational education and training in Australia. It has been part of more general moves towards greater competition, a shift towards markets and away from regulation, and a greater emphasis on the requirements of users compared to producers.

In VET the TAFE institutions, administered and largely funded by State and Territory (Labour) Governments, remain the predominant provider of VET. Nevertheless, there has been an increase in the proportion of total VET which has been privately provided. The introduction of User Choice across Australia from January 1998 was agreed by MINCO, but without the Commonwealth’s active support it would not have occurred, especially in some States, such as New South Wales. This is clearly the case, despite written advice from a Branch Head in DEST in February 2004 to the author that “User Choice resourcing arrangements are not relevant at a national level”. Interestingly, our studies of User Choice have shown that it can improve equity as well as efficiency; for example, in Indigenous communities, in prisons and in sheltered workshops (primarily because it increased the awareness of user requirements among VET providers, whether public or private, and their willingness to address them).

Against this background how might the transfer of ANTA’s national responsibilities for VET to DEST affect the balance between the public and private provision of VET? First, insofar as business organisations, particularly ACCI, increase their influence in the decision-making and priority-setting process, the result is likely to be increasing competition for TAFE in the provision of VET services and probably an increase in private rather than public provision. This includes the RTO activities of ACCI affiliates, such as the Western Australian Chamber of Commerce and Industry and the Queensland Chamber of Commerce and Industry. It was suggested above that the influence of business organisations, especially ACCI, may well rise in the short-term compared to their influence under the ANTA arrangements, but that in the longer term it is likely to be less, especially if a Labour Government is re-elected.

Secondly, the process of implementation foreshadowed by the Federal Government appears intended to reduce the influence of some stakeholders, such as unions and the States and Territories, and to increase the influence of other stakeholders, such as business organisations, DEST, the central agencies at Commonwealth level and the Federal Minister. In current circumstances this seems likely to increase the responsiveness of the VET system to users rather than providers, to the Feds rather than the States (and probably increase private compared to public provision).

Thirdly, to the extent that Federal decision-making accords higher priority to the implementation of competition principles than that of the States and Territories (likely under the present distribution of political power, and perhaps under an ALP Government
as well) the probable result is some relative increase in the private provision of VET. ACCI has rightly stressed the desirability of introducing improvements in third party access (ACCI, 2005); and the arguments for separation of roles (such as funder, provider and regulator) are likely to be more actively pursued in VET under DEST than under the previous ANTA arrangements (Selby Smith and Selby Smith, 1997).

**VET and the industry partners:** During the training reform agenda there was considerable commonality between the views of employer and employee organisations. There was extensive consultation between the industry partners, they often tended to be of a similar view (for example, in relation to national consistency) and they jointly sought to modify the attitudes and policy positions of the State and Territory VET authorities (including in relation to user choice, flexibility of provision and greater responsiveness to the varied requirements of users).

There are, of course, some differences within each set of organisations. For example, the Australian Industry Group (AIG) has tended to be stronger in its support for apprenticeships compared to traineeships, for the “traditional trades”, than ACCI. AIG has also tended to be more in favour of a managed market for training, whereas ACCI has been more strongly in support of a competitive, demand-driven set of arrangements. Similarly, within the union movement there have been differences of emphasis. The Australian Education Union, for example, has tended to be more supportive of the public provider compared to private RTOs than some other unions, such as the Australian Services Union or the Shop Distributive and Allied Employees Association, whose members have traditionally received a less significant training emphasis in TAFE.

There has been considerable consistency between employer organisations and the unions in relation to ways in which resource allocation priorities might be changed. First, they have both argued that the consultation process and the transparency of the resulting decisions should be improved. Both parties have sought better consultative arrangements with the State Training Authorities, while recognising that consultation does not equal decision-making and that there are likely to be some continuing differences between the parties over resource allocation priorities. Secondly, both employer organisations and the unions have been seeking improved arrangements for determining resource allocation priorities at regional and local levels. Thirdly, both unions and the employer organisations have expressed some ambivalence about the priority to be accorded to training for entry level workers compared to training for existing workers. In reality they each wish to see adequate training for both groups. Perhaps, they have suggested, the emphasis might shift towards existing workers, including expanding opportunities for recognition of current competence (RCC) and recognition of prior learning (RPL). However, in recent years there has been some evidence of a growing discrepancy

---

18 Moreover, to the extent that the Commonwealth decides to act more independently in future, rather than channeling its VET funding through the States, this could well result (at least under the present government) in an increased share of Commonwealth-funded activity for private providers.
between employer views (especially those expressed by ACCI) and those of the unions (especially the AEU and, to a lesser extent, the ACTU).

The shift from ANTA to DEST also raises an issue concerning the consistency between the views of the industry stakeholders and the education authorities. Clearly, in an industry-led VET system the consistency of the industry stakeholders’ views with those of the educational authorities is potentially significant. It is hard, for example, to consider the VET system as industry-led in reality if the views of the industry partners are consistently ignored or over-ridden. In practice, much of ANTA’s agenda involved the industry partners seeking to change the entrenched attitudes, policies and practices of the State training authorities. In future the industry partners will have to persuade DEST, a traditional Department of State (and with an educational focus?). In this respect, it is difficult to see how the Commonwealth’s proposed changes will necessarily enhance the industry-led nature of the VET system.

Significant differences have developed between the educational authorities and the industry stakeholders in at least three areas. First, the industry stakeholders have placed greater emphasis on the importance for VET, and in the processes of determining resource allocation priorities, of industry developments, labour market changes and (particularly for the unions) related industrial relations aspects. These were not traditionally areas of strength for education authorities in Australia. While the STAs emphasised that they sought information, analysis and advice from a range of sources, the industry partners have both expressed some concern about the (previous) arrangements and sought to strengthen the input of the industry partners. The national VET strategy for 2004 to 2010 advocated that “advice about future demand [for skills and training] will be sharper and more robust”, implying that past arrangements have left considerable room for improvement in this regard (ANTA, 2003).

19 The national strategy was endorsed by the ANTA Ministerial Council i.e. including the Commonwealth Minister. The strategy’s vision for the national VET system was: “VET works for Australian businesses making businesses internationally competitive. VET works for people giving Australians world class skills and knowledge. VET works for communities building inclusive and sustainable communities.” To implement the national strategy, the Ministerial Council set annual national priorities for the next calendar year. These set the system’s areas of focus and expected outcomes for the following year. State and Territory training authorities (STAs) then prepared annual plans that responded to the national strategy and annual national priorities. These plans included the strategies to be used, the planned level of training delivery to be achieved during the year, as well as other information required by the ANTA agreement. These plans were consolidated into the Directions and Resource Allocations report to the ANTA Ministerial Council, agreement to which triggered the release of Australian Government funds for the next year. Each year ANTA co-ordinated an annual national report, which was an accountability requirement of the ANTA Act, and provided valuable information to stakeholders. The report comprised a national overview of the system, as well as Commonwealth, State and Territory reports on each jurisdiction’s achievements against the annual national priorities. It also provided a detailed assessment of the national system’s performance and its progress towards overall system goals.
Secondly, there has been a difference between the STAs and the industry partners in relation to the relative emphasis to be given to existing workers compared to entry level workers when determining resource allocation priorities in VET. Both of the industry partners were sensitive to the possibility of shifts between the private and public funding of training; and they appreciated the difficulties facing STAs in this respect. Nevertheless, there has been a wish to see greater attention given, within State and Territory training arrangements, to the needs of existing workers, including in relation to expanded opportunities for recognition of current competence and recognition of prior learning processes. The union views were particularly strong in this respect. Interestingly, the National Strategy argued for “a stronger focus on existing workers and on people affected by shifts in industry and occupational demand”. Again this suggests some deficiency in the past; scope for improvements; and a willingness under the previous ANTA arrangements to seriously consider changes.

Thirdly, the industry partners sought an increased involvement in the processes by which STAs determined resource allocation priorities for the training market in their jurisdiction. Both the unions and the employer organisations expressed dissatisfaction with the prevailing arrangements. In 2003, for example, the ACTU Congress endorsed action by the ACTU and constituent unions to “seek agreement with ANTA-MINCO to adopt an integrated and co-ordinated approach to future labour market and skills forecasting in conjunction with industry parties which links specific training interventions within identified industries” and “work with peak employer organisations through JITEC to adopt joint union-employer proposals for specific training interventions within specific industries”. The industry partners have argued that they (and other stakeholders) should have an improved opportunity to discuss priorities, possible changes and problem areas, with this being followed by targeted data collection, analysis and if necessary research in the identified areas, leading to a further, more informed, discussion of priorities among the stakeholders. The industry partners have emphasised that the processes in which they sought to play a larger role should be more transparent and structured, so as to encourage accumulative learning, and thus contribute to improved policy and practice over time. Both the employer organisations and the unions recognised that consultation would not necessarily equate to decision-making (and that agreement on priorities would not always be possible), but emphasised that the former had a valuable role to play in informing the latter. The industry partners both argued that the necessary data collection, research and analysis were not always done well; and that industry’s advice did not always appear to be well considered by those in the States and Territories who were determining resource allocation priorities.

Thus, the abolition of ANTA and the assumption of its national responsibilities for VET by DEST imply a reduced role for the unions in national policy-making (although not necessarily to the same degree for implementation). Secondly, the increasing role for employer organisations, especially ACCI in the immediate future, will tend to emphasise the “technical” compared to the “further education” aspects of VET. Thirdly, in the longer term could the change from ANTA to DEST work in the opposite direction, increasing the relative priority attaching to educational compared to narrowly vocational objectives?
**VET and other providers**: VET has important relationships with education and training in enterprises, including that which they undertake themselves and that which they obtain from outside the enterprise (some of which, but not all of which, is provided through VET). To ignore these relationships is to lose sight of another important area of vocational education and training which could be affected by ANTA’s abolition and the transfer of its national VET responsibilities to DEST.

Enterprises undertake a great deal of education and training. Richardson, in a recent paper, has suggested it is much larger than previously thought (Richardson, 2004). The Australian Bureau of Statistics has estimated that the human capital stock greatly exceeds the stock of physical capital (ABS, 2004). Comparing their experimental measures of human capital with counterpart measures of physical capital from the Australian System of National Accounts they estimated physical capital at $1,808 billion at the end of the 2000-01 financial year compared to human capital of $4,485 billion (for those in the labour force) or $5,576 billion (for those in the total population). Moreover, the ABS estimated that the ratio of human capital (in the labour force) to physical capital has been rising (from 2.20 in 1981 to 2.22 in 1991, and to 2.48 in 2001).

Ridoutt, Selby Smith, Hummel and Cheang (2005) found that both training and assessment could be more or less formal and structured in enterprises; that the value employers placed on the formal qualifications held by their employees varied according to the risks faced by the enterprise and how it chose to manage them; and that employers valued formal qualifications differently in different industries, in enterprises of different size, and for employees in different occupational categories. Enterprises which were highly innovative, in highly competitive market environments or in a state of particularly rapid change appeared to be rather different in how they approach vocational education and training than enterprises which were less so. Indeed, the highly innovative enterprises appeared likely, at least initially, to rely more on their own internal training and development compared to formal education and training providers (such as TAFE colleges).

A recent study of a country region in northern Victoria found that local enterprises, most of whom were small businesses, relied more heavily on the formal education and training system (schools, VET providers, universities, ACE) for additional training of much the same kind as had been provided previously than for new and different training (Selby Smith and Ferrier, 2004). Generally enterprises in the shire used both internal training and training external to the enterprise fairly equally. Overall, about 57% of the enterprise responses related to formal education and training providers (ie. other than schools), while the remaining 43% related to various other providers, such as professional or industry providers (16%), equipment manufacturers or suppliers (13%) or the internal training resources of the enterprise itself (13%). The willingness of providers to be flexible, to be willing to negotiate in relation to particular enterprise requirements, and to adapt to meet enterprise needs were valued highly by the enterprises. The diverse needs
of enterprises are unlikely to be met effectively by a distant centralised bureaucracy operating on a command and control basis and often through disaffected intermediaries.

In what ways might the abolition of ANTA and the transfer of its national VET responsibilities to DEST provide the basis for improving the important relationships between users (especially enterprises and individual Australians), VET and other providers? Certainly there is scope for improving the learning partnership between stakeholders, for supporting more accumulative learning and for stimulating a program of continuous improvement against objectives. For example, there are opportunities – which could be taken by the various stakeholders themselves or facilitated by DEST – to improve these matters between States and Territories; between the educational authorities and those more concerned with industry developments, labour market changes and industrial relations aspects of VET; between the educational authorities and the industry partners; between formal VET providers, the less widely recognised contributors to vocational education and training, and enterprises, individuals and communities; and between researchers, policy-makers and practitioners. However, achieving these objectives represents a substantial challenge for DEST and its political masters.

One approach would be to adopt now a clear set of objectives for DEST’s future administration of the VET system; announce a transparent process for measuring future progress towards these objectives; and ensure independent evaluations and public reporting of the results. For all its faults ANTA sought to establish such a system; and so far there has been little evidence that DEST proposes to adopt such a transparent, evidence-based system. Establishing a suitable evaluative framework promptly would facilitate collection of appropriate data and support judgements about the effect of the current changes to VET over the next three to five years. Too often retrospective judgements have to be made with inadequate information; separation of values and ‘facts’ becomes difficult; and accumulative learning is frustrated. Establishment now of a suitable evaluative framework, preferably a framework supported by key stakeholders in the VET system, would enable future scholars, administrators and practitioners to establish the degree to which, and the specific areas in which, the abolition of ANTA and the transfer of its national VET responsibilities to DEST had led to improved processes and outcomes, overall and for individual stakeholders.

§5. Five Concluding Comments

First, the Prime Minister’s announcement provides the opportunity for improvements in vocational education and training. For example, the abolition of ANTA, which had lost its administrative drive and vision for future national improvements in VET, and the transfer of its responsibilities to DEST, removes the duplication between them, enhances the opportunities for consistent Commonwealth leadership in VET and for improved linkages (for example, with industrial relations, labour market, immigration, schools, and higher education policies). Similarly, the establishment of the Institute for Trade Skills Excellence provides an opportunity to raise the public profile and status of vocational education and training; and the establishment of twenty-four Australian Technical
Colleges to provide up to 7,200 select-entry student places at Year 11 and Year 12 level in specified regions provides an opportunity to contribute to the resolution of identified skill shortages, to increase Federal support for VET in schools, and to provide additional support to particular local communities. Achieving the outcomes which are potentially available from these opportunities will clearly be a Commonwealth responsibility and in due course the Federal government’s achievements will be able to be measured against their newly assumed responsibilities.

Secondly, the new arrangements place particular responsibilities on the Commonwealth Department of Education, Science and Training. To meet these responsibilities effectively DEST will need to be much more intimately involved in the national VET system. Improving its staffing, knowledge and competence in dealing with VET’s multiple stakeholders will be a challenging task for DEST. At best it will take some time to achieve.

- Leesa Wheelahan has noted that “The Commonwealth is going to need all the help it can get in implementing its VET policy and yet it appears that very few ANTA staff will be moving from their current location in Brisbane and Melbourne to work for DEST in Canberra. There will be very little institutional memory and relationships and capacity will have to be built” (*Campus Review*, 23 February 2005, p. 8).

- The Secretary of DEST, Lisa Paul, has been quoted as saying “We’re absolutely committed … to establishing top-rate relationships across the VET sector and not only grounding those relationships in trust and respect but also being seen out there in the sector as much as we can. … Personal connection is vital in the VET sector … DEST is acknowledging the huge achievements in the national training system and by ANTA and building on them and enhancing them … There may be ideas we haven’t thought of. … we have a world-leading, a world-beating national training system … We hope that the flexibilities that are built into the [proposed new] arrangements will support the wonderful range of teachers in the VET system, to be their best”.

- *Campus Review* has commented that “While the [Commonwealth discussion] paper emphasises ‘maintaining industry leadership’ it is about DEST forming a partnership with industry associations from the top end of town, like ACCI, AIG and BCA, providing blue-ribboned industry groups with a wholly new influence over VET directions. This breaks the long-standing Commonwealth-states duopoly of the ANTA era. … DEST may find it has given birth to a difficult concept when it becomes obvious in the near future that these industry groups not only have different points of view on skills shortages, but are articulate and media-savvy, unlike the States which have always been constrained by public service etiquette in going public with their grievances” (*Campus Review*, 2 March 2005, p. 7).
• In fact, over the medium to longer-term, the VET system is likely to become less employer-led. Although key industry stakeholders, such as ACCI, will be powerful in the immediate future, in the longer term DEST’s administrative control of the Commonwealth’s involvement in VET will tend to weaken the influence of any one stakeholder. There may also be a stronger tendency, within DEST, for closer co-ordination with other areas such as schools and higher education (and perhaps a tilting of the balance between the “T” and “FE” of TAFE rather more towards the latter, reversing the trend of recent years?)\(^20\); and, from the central agencies, for closer co-ordination on a whole of government basis, for example with immigration, labour market and employment policies, and regional development.

Thirdly, there is the issue of the process by which the Commonwealth chooses to proceed. In particular, to what extent will it, as its early pronouncements have suggested, adopt a dictatorial centralising approach and discard the more co-operative approach with VET stakeholders which had been adopted by ANTA? The Commonwealth’s apparent determination to exclude the unions from effective participation, not only in decisions but also in much discussion, might be dismissed as an instinctive ideological reaction (perhaps encouraged by some supporters), were it not for the valuable role the unions have played throughout ANTA’s period of operation and the linkages which will continue to exist between VET and the labour market, wages and conditions (eg. for apprentices, trainees and juniors), work organisation and industrial relations (and the larger role the unions will inevitably play in VET policies and practice if and when an ALP Government is re-elected).

Also, the Commonwealth’s decisions concerning how to progress its relationships with the States and Territories in this area (and perhaps more broadly) are critical to the likely success of its initiatives (including the extent to which it attaches a range of other issues, such as industrial relations changes, to its VET proposals). This is despite the differing party political allegiance of the respective governments, since the States and Territories run the VET systems throughout Australia, have a much more intimate knowledge of its operation than DEST, and supply the bulk of the resources provided by all governments. VET negotiations have proved frustrating to the Commonwealth over recent years (and to some of its key supporters, notably ACCI), yet much has been achieved (as the ANTA Board, MINCO and the Commonwealth Ministers have emphasised, repeatedly and publicly). Threats of unilateral action once the Howard Government controls both Houses of Federal Parliament from 1 July 2005 may be judged useful as part of the ongoing bargaining process, but whether they will, as a sustained approach, yield faster progress in the Commonwealth’s desired directions for VET in the longer term remains doubtful. Relatedly, the Commonwealth has recently been seeking greater acceptance from States and Territories of its policy priorities (and ACCI’s), without being willing to increase

\(^{20}\) Some commentators on an earlier draft thought this unlikely; and that a shift in the other direction (under strong pressure from industry representatives) more likely in the short to medium-term.
substantially its financial contribution to the VET sector. It is far from clear that, once it assumes a higher policy profile, and more public responsibilities for VET outcomes, it will be able to achieve more of its objectives without increasing its financial contribution.

Fourthly, despite the Federal Government’s decision to abolish ANTA, it should not be forgotten that much progress in VET was achieved on ANTA’s watch. Even the Australian Government acknowledges that substantial progress has been made: for example, “our vocational education and training system has made an enormous contribution to Australia’s economic success. … people are realising that a vocational qualification can lead to a challenging, diverse, independent and indeed for many, a very lucrative career. … There has been enormous growth in the options within our vocational education and training system. Each year the publicly funded training system educates more than 1.7 million Australians, an increase of half a million people since 1995. The system has grown in sophistication and prestige, and is now recognised as a world leader … vocational education and training is increasingly a first choice for many of the 70% of young Australians who do not go directly from school to university” (DEST, 2005). It is important that the hard-won gains of the ANTA period, for example, in developing a more national system, are not lost.

- For example, there has been great progress in VET research since ANTA established the ANTA Research Advisory Committee. This progress has been due to contributions from numerous sources; it has made a valuable contribution to improving policy, planning and practice in VET; and it has been achieved at low cost. Each year ANTA, with the Commonwealth, State and Territory governments, allocates some $3 million to the National Research and Evaluation Program; and there are also research and evaluation projects funded through other programs (see ANTA website; accessed on 2 May 2005). DEST’s past record in relation to educational research raises a concern that deterioration may occur. It need not, but it could, and hopefully, it won’t.

- Also, how will a centralised bureaucratic set of management arrangements for VET, especially one which consciously seeks to exclude some stakeholders from participation and privilege others, ensure continuing encouragement for the many initiatives by providers, enterprises and communities which have invigorated VET at local and regional level in recent years? How will DEST in Canberra ensure that the diverse circumstances and options that confront individual enterprises, learners and communities are appropriately matched by the array of education and training products and services which are available through VET?

---

21 For more detailed information about the National Centre for Vocational Education Research and the NREC program it administers, a not-for-profit company owned by the State, Territory and Federal Ministers responsible for VET, see [http://www.ncver.edu.au](http://www.ncver.edu.au). NCVER was established originally as the TAFE Research and Development Centre in Adelaide as a result of a recommendation of the Committee of Inquiry into Education and Training (the Williams Inquiry) which reported to Prime Minister Fraser in 1979.
Finally, the influence of changing interests, institutions and ideas can all be discerned. In relation to interests, the changes reflect the declining influence of unions, and the increasing influence of business organisations, especially ACCI. In relation to institutions, there is the decline of ANTA and the rise of DEST, accompanied by an intention to reduce authority at the State/Territory and local/regional levels and to increase it in Canberra. In relation to ideas, one can discern changing views of centralisation compared to devolution, of command and control approaches compared to negotiation and collaboration, and an ideology opposed to union participation.

At the time of writing (mid-June) the Commonwealth’s approach is hard to understand in terms of a genuine desire to improve outcomes in VET, however important this undoubtedly is for Australian industry and for hundreds of thousands of individuals. Perhaps the Commonwealth actions are better understood in terms of the interplay between different strands of national policy-making; and their eventual resolution is not yet clear? At present there appears to be a complicated mixture of interests, ideologies, individuals and agendas in play, some of which are consistent, while others are not.
References


*Campus Review* (2005), February.


Liberal Party of Australia (1996), Pre-election policy statement: Ensuring better education and training, Melbourne.


The Age, 27 February (2005), p. 5


Attachment 1: DEST Consultations on Skilling Australia

“All stakeholders strongly supported a national system with industry leadership and engagement and enhanced quality assurance of training provision, underpinned by stronger governance and accountability. There was particularly strong support for: a greater emphasis on quality, and particularly on the outcomes of training; improved public reporting of provider performance; three year planning and funding cycles to provide greater certainty and stability, including for the National Centre for Vocational Education Research (NCVER) data collection and analysis, and the national research programme; streamlined business processes, including the national Action Group model; and establishing a single Ministerial company to manage training products, materials and licensing. A range of views were expressed on other arrangements proposed in the Directions Paper, most notably industry advisory arrangements, Industry Skills Councils (ISCs) and the proposed National VET Quality Agency and National Skills Agency. … The principle of moving to a genuine competency-based approach was supported, as was the need to have effective User Choice arrangements, but these were seen as separate issues”.

However, the detail contained in the report on the consultations suggests less complete agreement with the Commonwealth proposals eg. there should be a stronger focus in the principles on “the importance of students as well as employers as clients of the system”; “the needs of small and medium enterprises”; “national consistency, without losing the capacity for local diversity”; “training issues that are broader than skills shortages in the traditional trades”; “meeting the needs of employers and students in regional Australia”; “a number of stakeholders indicated a view that additional funding for VET was required;” and that “a secretariat in DEST would need to work to the Ministerial Council rather than to the Commonwealth Minister.”

In relation to the proposed industry advisory body, the consultation document commented on the “potential conflict of interest that would arise if employers on the advisory body were enterprise RTOs or were in receipt of significant levels of Commonwealth incentive payments”. Those consulted suggested that “the [industry] advisory body … should have a strong role in determining research priorities”. “The majority of stakeholders supported a small industry advisory body, with appropriate representation of employers and employees”; “there was little support for the ‘engagement through business and industry peaks’ model” and “an imperative to keep the group small” (although “a number of other stakeholders requested direct membership”). “It was generally argued that the industry advisory body needed to be strongly supported to undertake its role effectively, and that the secretariat needed to be independent”. (One commentator on an earlier draft of this paper called these varied suggestions “a veritable dog’s breakfast of views”.)

“The retention of the National Strategy for Vocational Education and Training 2004-2010 was widely supported, as were three year National Priorities and simplified planning and reporting arrangements”. “A stronger focus on outcomes and outputs was strongly supported”. DEST stated that “The Terms of Reference of the National Industry Skills Committee will be broadened to include providing advice to the Ministerial Council on
ways that industry can work with governments to improve outcomes for disadvantaged clients, particularly indigenous Australians and people with a disability”. “There was strong support for NCVER managing the research programme, and managing the process of consultation on national research priorities”, although “some stakeholders called for greater public transparency to clarify the separation of responsibilities for determining research priorities, managing the research programme and undertaking research”; 22

In relation to the Industry Skills Councils (ISCs) “some stakeholders considered ISCs should develop close links with State industry advisory bodies where they exist … it was suggested that the ‘whole of government’ aspect of this work was important, particularly drawing together the work of the industry portfolio on industry Action Agendas, DEWR on labour market forecasting, and NCVER on training”. “There was broad support for establishing very clear performance indicators for ISCs, giving them a further period of time to establish their operations and deliver the benefits envisaged in their establishment, and then evaluating them against those performance indicators”. DEST stated that, over a period of twelve months, ISCs would be expected “to demonstrate rationalisation of the number of Training Packages, incorporation of employability skills, and development of cross-industry competencies”; and that “DEST will take on responsibility for developing Industry Skills Reports” drawing together “the underpinning data and analysis from DEST, DEWR, the industry portfolio and NCVER. In finalising the Reports, DEST will engage with both ISCs and the National Industry Skills Committee to draw in their qualitative analysis”.

DEST stated that they would take over the management of the National Training Information System and responsibility for the VET Portal, “as the single entry point to vocational education and training in Australia”.

The report on the consultations stated that “there was very strong support for moving to an outcomes-based audit model, and consistent comment that the AQTF was too strongly focused on inputs and processes” (with auditing shifting from a compliance model to the support of best practice). For DEST “it remains a priority to improve national consistency in registration and audit, particularly to remove any additional regulation that is being imposed on providers operating in more than one State and any inconsistency in the application of AQTF Standards”. DEST proposed that “in 2005 a single agency be contracted to conduct the independent reviews of States and Territories against the AQTF standards, with an emphasis on identifying any areas where States are applying the standards inconsistently … The outcome of this initial review will determine what further steps should be taken to improve the national consistency of registration and audit”, such

---

22 The DEST document also noted that “considerable emphasis was given to the importance of establishing research priorities to ensure that research was addressing gaps in current knowledge, and reflected emerging industry skills issues and client needs. Some stakeholders suggested that the role of the industry advisory body in determining research priorities needed strengthening”. Nowhere in Skilling Australia or the DEST report on the consultations with stakeholders is there any discussion (or apparent recognition) of the healthy development of VET research following the establishment of ANTARAC, the fragility of the present achievements in this area or the steps necessary to maintain what has been achieved.
as “a concentrated effort to improve the consistency of State/Territory activity”, “reconsideration of State/Territory practices with respect to large enterprise RTOs to streamline the interstate requirements” or “the States/Territories establishing a National Registration and Audit body” (including “reallocation of State/Territory resources to the new body”). DEST noted that “many stakeholders commented on the excessive regulation in the sector”; the new National Quality Council – to include seven business representatives and one ACTU representative – is expected to have particular priorities, including “independent review of States and Territories against the AQTF standards and recommend appropriate options to the Ministerial Council to achieve a significant improvement in the national consistency of registration and audit practices within 12 months”, “commission national strategic audits in high risk areas” and “develop a single User Choice contract template for RTOs”.

The DEST report noted that “there was strong support for public reporting of RTO performance; and for ‘informed choices’ being recognised as choices by students as well as by employers” (although these sensible suggestions have important practical implications, which were not acknowledged in DEST’s discussion paper). “It was suggested that the model ultimately be broadened to include public reporting of employer performance”. DEST proposed that “public reporting of RTO performance be progressively implemented from 1 July 2005 … over time the performance reporting will be broadened to include the outcomes of all recognised training, whether privately or government funded”.

“A number of stakeholders queried the role of the Institute for Trade Skills Excellence”. There were suggestions that the Institute could develop benchmarks for employer expectations of quality providers. “The potential for conflict of interest for the Institute was raised by many stakeholders”. Reflecting the power relationships which exist, DEST stated that it “will take up the comments about the Institute of Trades Skill Excellence in its consultations with the industry peaks on its establishment”.

Working Papers (free)

Papers 21 onwards can be downloaded from the website
www.education.monash.edu.au/centres/ceet/

7. Selby Smith, J, Selby Smith, C & Ferrier F, 1996, Key policy issues in the implementation of User Choice.
9. Curtain, R 1996, Is Australia locked into a low skills equilibrium?
10. Long, M 1996, Perceptions of improvement in job performance by participants in training courses, Results from the 1993 Survey of Training and Education.
15. Anderson, D 1997, Student perceptions of career development and employment services in TAFE.
globalisation and rapid technological change: implications for education and training.*
and Training Institutions: the case of the New Zealand Polytechnic.*
Australian enterprises.*
24. Selby Smith, C 1999, *The relationships between research and research decision-making
in education: an empirical investigation.*
education and training.*
29. Long, M 2000, *Analysis of longitudinal data: participation in VET.*
32. Maglen, L & Hopkins, S 2000, *Australia in the emerging global knowledge economy:
changing employment patterns – 1986-7 to 1999-00.*
33. Teicher, J, Shah, C & Griffin, G 2000 *Australian immigration: the triumph of economics
over prejudice?*
program-based assistance for the development of Vocational Education and Training in
its region.*
survey.*
work: a survey of TAFE students.*
education and training.*
location of the firm make a difference?* A re-analysis of the results obtained from a survey
of employer views conducted by the Australian Chamber of Commerce and Industry
42. Long, M & Fischer, J 2002, *Leading edge enterprises: insights into employment and
training practices.*