

Unclassified

EDU/RD(2007)1

Organisation de Coopération et de Développement Économiques
Organisation for Economic Co-operation and Development

17-Jan-2007

English text only

DIRECTORATE FOR EDUCATION

EDU/RD(2007)1
Unclassified

FUTURE DIRECTIONS IN VOCATIONAL AND TECHNICAL EDUCATION IN AUSTRALIA

Ministerial Statement to the Informal Meeting of OECD Education Ministers on Vocational Education and Training by The Honourable Gary Hardgrave, Minister for Vocational and Technical Education, Australia

Monday 22 January and Tuesday 23 January 2007

Venue: Schaeffergarden, Jaegersborg Alle 166, 2820 Gentofte, Denmark

Contact: Dr Barbara Ischinger, Director for Education, e-mail: barbara.ischinger@oecd.org, telephone: +33 1 45 24 92 10

JT03220509

Document complet disponible sur OLIS dans son format d'origine
Complete document available on OLIS in its original format

English text only

Ministerial Statement

Honourable Gary Hardgrave MP

Minister for Vocational and Technical Education

Australian Government

Future Directions in Vocational and Technical Education in Australia

Paper tabled at the informal OECD Ministers of Education meeting

Copenhagen, 22-23 January 2007

Introduction

1. Dear Ministers. Thank you for the opportunity to table this paper at your informal Ministers' meeting in Copenhagen. I regret that I am unable to attend however I wish you a productive session at this important time in the development of the OECD's thinking and work on future directions for vocational and technical education and its contributions in the global economy.

2. The OECD is a respected international agency whose efforts in assessing, analysing and promoting the value of all spheres of education - from preschool to the transitions young people make into work and further study and beyond to the challenges of lifelong learning - have significantly contributed to policy development throughout the world. I look forward to Australia contributing actively to the directions in the OECD's forward vocational and technical education agenda.

3. The strength of our economies, together with pressures from an ageing population, technological change and globalisation, create new skills challenges for our countries in the 21st Century. To meet them requires flexible partnerships across all levels of government, business, education and training providers and individuals. Truly successful nations thrive not on fixed plans but on well-governed flexibility.

4. Within Australia my focus has been to engage with industry to ensure that industry drives training priorities. This I think is an issue all OECD members are grappling with – how to improve our vocational and technical education systems to be more flexible, responsive and innovative to meet employer needs for increasing productivity.

5. A fast-changing, dynamic economy needs an agile and responsive training system. This requires significant effort from many parts of the existing system to do things differently, to change from a solely supply driven focus to one which meets employer and student demand while maintaining quality. It means improving engagement with industry in the planning and delivery of training and in seeking employer and student feedback on how the system works for them. The essential corollary to this is that industry builds on its already substantial commitment to training and meets the challenge of engagement and leadership.

6. I see our effective engagement with industry as one of the main challenges for OECD member countries and would like this to be a key focus of its future work.

The Australian context

7. The high demand for skilled workers in Australia is the flip-side of an economy now in the 16th year of economic growth. Job growth is strong. The unemployment rate has fallen to a thirty-year low and

labour force participation is at an all-time high. Australia's continued prosperity depends on resources, workers and skills being able to flow between sectors and firms.

8. To appreciate Australia's skills challenge, not just today but in the long term, we need to explore the larger structural trends transforming the world of work. Australia's labour market has changed dramatically over time, with more women in the workforce, changes in industry structure and the need for much greater workplace flexibility.

9. Our Prime Minister has spoken before about the rise of the enterprise worker as the symbol of a more entrepreneurial culture. From greater self-employment and independent contracting to the blurring of traditional lines between management and labour, we have seen the emergence of a new breed of worker-entrepreneur.

10. Demand for more flexible work and training arrangements is coming from employers and employees alike. Employers are demanding a higher level of skills, a broader range of skills and more frequent updating of skills including substantially improved flexibility in meeting employer and employee training needs by delivering them at a time, at a location and in a form that meets those needs. We see this in the changing occupational structure of the labour market with growing numbers of people working in managerial and other professional positions. A tight labour market means employers must tap a wider and more diverse pool of labour. To attract and retain skilled labour, education and training must be a part of core business. Employers are demanding greater choice and competition among training providers. They want training to be delivered when and where it is needed, whether in a classroom or in the workplace itself.

11. Workers want to be able to respond to change and access training opportunities throughout their working lives. An education and training system predicated on a world where someone was educated until young adulthood and then entered a job lasting roughly 40 years has become basically obsolete. Younger Australians in particular no longer expect or want a job for life. They want portable skills that let them move between jobs and locations.

12. All this points to why we need a more flexible and responsive education and training system – where business as the users of the system are the drivers of the system. Demographic trends, economic globalisation and technological change reinforce this imperative. To keep countries strong and prosperous, there is no alternative but to further increase workforce participation and productivity.

Progress and governmental responses

13. Progress in the last decade gives us a platform on which to build a more skilled nation. Participation in education and training has never been higher. Expenditure (public and private) is above the OECD average overall and in the primary, secondary, post-secondary technical and tertiary sectors. At AUD \$15.5 billion this financial year, Australian Government spending on education and training is up 42 per cent in real terms on a decade ago.

14. The proportion of 15 to 19 year olds studying full-time rose from 63.9 per cent in 1995 to 67.4 per cent last year. Among 20 to 24 year olds, the relative increase in those studying full-time is even greater, rising from 15.2 per cent in 1995 to 24.9 per cent in 2005.

15. Australia ranks above the OECD average across all age groups on tertiary education attainment. Almost 718,000 Australian students (about 5 percent of Australia's working age population) were in higher education in 2005, nearly 30 per cent more than in 1995. A record 1.6 million Australians (nearly 12 per cent of Australia's working age population) are undertaking vocational and technical education. More than

400,000 apprentices (3 per cent of Australia's working age population) are in training and commencements in trades and related occupations continue to grow at a rate ahead of employment growth.

16. However, there are still challenges. About 3.5 million or 32 per cent of Australians aged between 25 and 64 are without Year 12 or equivalent qualifications. This largely reflects lower education participation by young Australians two and three decades ago and previous migration programmes which placed much less emphasis on skills. Many adults lack essential literacy and numeracy skills. The most valuable skills needed in the information technology age (or any age) are still the ability to read, write and count. Traditionally, our education and training institutions have focused on new entrants to the labour market. In the 21st century, we are redesigning those institutions to help close the gap between the skills-rich and the skills-poor in the adult workforce.

17. The good news is that participation by older workers in education and training in Australia is currently very high by international standards (in fact, five times higher than the OECD average for 40 to 49 year olds). And in the last ten years the number of 45 to 64 year olds studying for a qualification has doubled.

18. A particular challenge is to reach groups with high need but low demand. For those without fond memories of school, the idea of going back into a classroom can be extremely daunting. Just as technological change is a challenge to many lower skilled Australians, we must explore how we can use technology to make adult learning more individualised and rewarding.

Governmental responses

19. In 2004 the Prime Minister deemed this area so important that he created a new ministry to focus solely on vocational and technical education. The Australian Government passed new Commonwealth legislation, *Skilling Australia's Workforce Act 2005*, to reflect its commitment to a new national training system. The legislation sets out the national objectives and goals for vocational and technical education and the governance, planning, funding and accountability arrangements.

20. The fundamental principles which underpin our national training system and guide our thinking and practical application in the development of a flexible, modern and responsive vocational and technical education system include:

- Industry and business needs, both now and for the future, drive training policies, priorities and delivery.
- Better quality training and outcomes for clients, through more flexible and accelerated pathways, are assured.
- Processes are simplified and streamlined and enhance national consistency.
- Young people have opportunities to gain a wide range of lasting skills that provide a strong foundation for their working lives.
- Training opportunities are expanded in areas of current and expected skills needs.

21. There has also been a significant increase in investment in training over the past 10 years. The Australian Government's AUD \$2.6 billion investment in vocational and technical education this financial year (2006-2007) amounts to a *real* increase of 88 per cent on a decade ago. Of the AUD \$11.3 billion committed over the next four years, states and territories will receive approximately AUD \$5 billion.

22. We are leveraging this investment to address what we see as the structural weaknesses in the training sector. Our new Australian Technical Colleges led by local business provide high quality education and training for students in their final two years of school. Students will gain both an academic school qualification and make substantial progress towards a trade qualification. The Australian Technical Colleges are helping to restore the place of traditional trades in our national consciousness. We have worked hard to reinvigorate the training of apprentices and will continue to do so. Last year, the Government introduced a range of initiatives (including trade learning scholarships, toolkits and living allowances for rural and remote students) to continue attracting and retaining apprentices.

23. We have also identified new areas of reform which include the need to improve the basic skills of our workforce, raise apprenticeship completion rates and increase the opportunities for people to obtain higher level skills especially in science, engineering and technology, all crucial to the foundations of Australia's competitiveness.

24. To address these challenges, in October 2006 the Prime Minister announced a new package by the Australian Government, *Skills for the Future*, worth \$837 million over five years towards a more skilled and dynamic workforce. This is the largest ever training initiative targeting existing workers in Australia. The package includes:

- Upgrading of existing workforce skills for workers and those looking for work;
- Improving the supply of skilled tradespeople through financial incentives to mid-career workers;
- Driving a competitive market for training providers through a voucher system; and
- Promoting an enterprise culture by focussing on business skills.

25. As the Australian Minister for Vocational and Technical Education I am well aware of the importance of continually building upon our human capital to help achieve our country's economic and social goals. As part of a broader National Reform Agenda aimed at lifting the nation's productivity and workforce participation over the next decade, all Australian governments have committed to and begun an ambitious human capital work programme. This is based on the recognition that a healthy, skilled and motivated population is critical to national prosperity. In the training sphere our priorities include a commitment to industry led, nationally-consistent, high quality training, full mutual recognition of skills and qualifications across Australia and ensuring a more flexible and responsive training system where apprenticeships are based on the achievement of competencies and not time served.

Future areas of reform include:

- streamlining regulation through supporting the establishment of a single national regulation and audit system for training providers;
- increasing competition in the training market by providing opportunities to private providers and supporting the development of community training providers;
- expanding the range of higher level vocational courses available to the Australian workforce at an affordable price; and
- investing in the training infrastructure, and ensuring the quality and relevance, of the public training system.

Future directions within the OECD

26. We all know that the different circumstances in OECD countries require diverse kinds of actions rather than a 'one size fits all' approach.
27. From my perspective it will be important for the OECD to focus on the following issues when developing a useful and practical work plan for its further engagement with vocational and technical education:
 28. Better engagement with industry and employers to increase productivity, innovation and workforce development (including how to upskill existing workers) by training content, timelines and relevance meeting their needs;
 29. Adapting training systems to be more flexible and customised to industry and employer needs while maintaining quality especially in small to medium sized enterprises; and
 30. Greater recognition and harmonisation of vocational qualifications across provincial and national borders to increase mobility and portability of qualifications for an internationally skilled workforce.
31. With the OECD's strong technical expertise it is well placed to develop a rigorous evidence base for comparing vocational and technical education approaches across member countries.
32. I suggest it would be timely to adopt a range of strategies for undertaking this work and I would be happy to host an OECD seminar on industry/employer engagement in vocational and technical education later this year.