



**AUSTRALIAN CENTRE FOR INDUSTRIAL
RELATIONS RESEARCH AND TEACHING**

University of Sydney

**DELIVERING TRAINING REFORM:
THE CRITICAL ROLE OF EMPLOYERS
AND THE WORKPLACE**

edited by **Merilyn Bryce**

**ACIRRT Working Paper No. 36
July 1995**

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***Delivering Training Reform:
The Critical Role of Employers and the Workplace***

edited by Marilyn Bryce

Proceedings from the Conference 'Delivering Training Reform: The Critical Role of Employers and the Workplace' held at The University of Sydney, 29th November 1994

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1. HOW EMPLOYERS IDENTIFY THEIR TRAINING NEEDS

Dr Percy Worsnop

In preparing to make this address, I was fortunate enough to come across a very recent - November 1994 - publication by the Australian Bureau of Statistics. Entitled simply *Employer Training Practices*, the booklet contains a half-dozen pages on the ways in which training needs are determined and who determines them in the workplace. It is a statistical study, based on responses from 6000 employers, and I recommend it to those people who are interested in following up issues involved in training.

I will refer to that study, but I will also base some of what I have to say on my own experiences in training in industry over the last thirty years, both as a training practitioner for more than twenty years and as one who has been closely involved with employers, employer bodies and the training reform process over the past few years.

I conducted a survey for ACCI earlier this year - not on the same scale as the ABS - but involving 700 odd employers chosen at random. Of some interest was the fact that more than 80 per cent reported that they expected training to improve the efficiency and effectiveness of their employees. The ABS study reports that improved work performance was reported as a reason for training employees by 80 per cent of the employers in their survey.

This is not just an interesting coincidence. It also raises questions about the lack of planning that is frequently reported in industry training. Additionally, it makes me wonder why many employers use the wet finger method to divine training needs rather than more sophisticated techniques.

One of the more interesting statistics that came out of the ABS study was the estimate that in February, employers in Australia employed 15,800 full-time trainers to provide training for their employees. There was a full-time trainer for approximately each three hundred and fifty employees.

In developing a number of case studies of enterprises that are recognised as being energetic trainers, for a book ACCI intends to publish, one of the common factors that emerged has been the provision of training by employers based on the concepts behind their corporate philosophy, usually phrased as a vision statement of some sort.

The outcome may well be, for instance, training in customer relations or an emphasis on training in quality assurance, depending on the nature of the vision statement. This

approach to training needs analysis does not involve a formal study of any sort, but at the macro level of the enterprise philosophy, once the direction has been set, there is not much need for a formal study to recognise the nature of the training that the enterprise requires.

There is another source of information that guides the training effort at the macro level. That is the enterprise business plan. Under this heading would come things like new business activity, marketing and promotional arrangements, cost controls, system developments, including change, re-furbishment and renewal.

Any combination of these factors, any one on its own, or all of them may be undertaken over a period of time as a business plan, and all of them will involve some training to ensure success. They may well involve a deal of technical training as well as any emphasis on the enterprise's goals in bringing them forward.

I well remember from my own time in the automotive industry, the amount of training that accompanied a new model development and launch. The training plan developed as part of the build and launch plans was always a comprehensive document that followed not only the vehicle but always the facility changes, the new jigs and fixtures, new layout and build sequence that was inevitably part of the process with a new model. Facelifts also required comprehensive training.

These business factors involved in the macro approach to the development of training plans substitute for the outcomes of formal approaches to training needs analysis in many instances. At the same time, examination of the requirements for training within the corporate decisions is another matter. Similarly, training needs analysis as a process which provides significant information for developing training plans cannot be ignored.

WHAT THE ABS REPORT SAYS

The ABS report I referred to earlier discusses how training needs are determined, based on the survey responses. It says, for instance that:

- 39% of employers who provided formal training for employees reported using a formal method to determine at least some of the training needs of their employees during the year ending February 1994.
- Less than one-fifth of employers who provided training reported using no methods to determine the training needs of their employees.
- Thirty per cent of employers reported a formal method was the way in which training needs were most often determined. Performance appraisal was used most often by more organisations than formal training needs analysis.

- However, 52% of employers reported informal methods were used to determine training needs.

As might be expected, more large than small employers used formal methods to determine at least some of the training needs of their employees, in fact three times as many. The proportions of employers using formal and informal methods to determine training needs were similar between the private and public sectors for medium and large employers. Small employers in the private sector were least likely to use formal methods to determine their training needs.

Managers were most likely to have determined the training needs of employees in each of the employer groups, small, medium and large. External consultants were least involved, but were employed mostly by large organisations. More important in the process than external consultants were employees' immediate supervisors, individual employees and training staff.

Finally the report provided information on the impact of trainers in the enterprise on training practices. Large employers (defined as employers with more than 100 employees in this study) who employed full-time trainers mostly used formal training needs analysis to determine the training needs of employees. They also tended very strongly to have developed written training plans for the organisation.

TRAINING PLANS

The development of training plans is a fundamental part of the way to use training to improve the level and increase the breadth of available skill in the workplace.

Training plans may be developed at a number of levels in an organisation. I have already discussed the requirement for training plans to address the need of the enterprise at the macro level. In an enterprise that is organised with sections or some other form of work unit, there may well be a need to develop some plans for training for the section or unit. It will always be appropriate to develop individualised training plans for employees as part of the organisation's people development activities.

Improved skills and abilities and recognition of the competencies people achieve will help to bring:

- increased profits;
- better morale among staff in the workplace;
- more options to improve performance through structural change as the workforce becomes more flexible;
- increased ability for enterprises to become more competitive than they are now;

- support for all the improvements to the business.

Training may have some value in itself, but it is a means to an end, not an end in itself. It is a way to work with and through people to help them achieve competency in the job, flexibility in the way they approach work and commitment to the job. More than anything else, training serves to strengthen relationships between people at work.

Employees who know that they are being given an opportunity to undertake training, value the fact.

Individualised training plans are at the heart of good supervisory and management practice. They bring people together to discuss needs, hopes, ambitions and problems in an atmosphere tinged with concern and mutual expectation. They mean that the individual is recognised as a person in his or her own right. Being given the opportunity to contribute and help develop their own training needs provides an assurance that they are regarded as mature individuals and pays them a significant compliment. They are usually well aware of this aspect.

Not only do they become aware of the level of esteem in which they are held, employees consulting with their supervisor are both inevitably able to make a worthwhile contribution and become highly motivated.

One firm I talked with recently provides training for employees in developing training plans. The trainees are then expected to be able to take a good deal of initiative in proposing experiences that will extend their academic knowledge into practical experiences that will result in their becoming proficient in all aspects of their work quickly and efficiently. There can be many degrees of formality involved in developing training plans in this way. It is probably the best way of carrying out a detailed analysis of training needs that cater for the present and future needs of both the enterprise and the individual.

There is a certain amount of self selection in the workplace in regard to training which often interferes with the best laid plans of mice and men in terms of developing training needs and following them through in training plans and implementation. Often an employee will ask the supervisor or manager if they can attend a training program, or even a full course, either in the enterprise or with an external provider. Nor is that necessarily wrong in any way.

There are also plenty of examples where an employee has managed to avoid scheduled training by convincing the supervisor that the employee cannot be spared from the job "just now" which can easily become a habit that extends out into the future. It happens.

Individualised training plans do not have to be elaborate documents. They may be no more than a note put in the employee's record or pinned to the back of a card. I have seen them filed that way. I have also seen a plan developed to extend over a period of two or three years, with training opportunities spelt out and likely job placements indicated.

Both types of plans serve a good purpose. The important factor is that they be developed as a joint exercise between the individual and the employer or supervisor, that they both sign what is, ultimately, an agreement and that the plan is implemented.

CONSULTATION

Consultation on training needs is usually recognised as essential. The important feature of consultation is to make sure that the right people are involved in the consultation process. Everybody knows this, including employers. However, what everybody knows is not necessarily what everybody does.

There are examples of people who have undertaken training needs analyses and used the most appropriate analysis process one could think of. They have even endeavoured to secure participation from representatives of the major groups - from among employees, supervisors and technical staff. Really one would have to say that they had done all the right things.

Where the result has been less than acceptable, the cause has usually been found as a fault in the consultation. It is not enough to consult with representatives from the right groups in the workplace. The real key to success will always be to find out who are the right people and to consult with them. Methodology is not unimportant. It is entirely appropriate to consult with representatives from the right groups. It is essential to consult with the right people, whatever it costs in terms of effort.

2. A POLICY PERSPECTIVE ON EMPLOYERS AND TRAINING

Richard Sweet

What evidence we have suggests that more training has been occurring in industry, and that this might be occurring in spite of rather than because of the training reform agenda. The ABS Training and Education Experience Survey shows that in 1993 86 per cent of employees undertook some training, compared to 79 per cent in 1989.

The big jump seems to have been in on-the-job training, with the proportion undertaking it jumping from 72 per cent to 82 per cent. On the other hand participation in formal in-house training courses and participation in employer supported external training do not seem to have changed a great deal.

Expenditure on training by employers also seems to have been rising, with the most recent training expenditure survey showing a rise from 2.6 per cent to 2.9 per cent of payroll being spent on training between 1990 and 1993.

This evidence of increasing employer involvement in training is encouraging given the growth in part-time employment, the impact of the recession, and falling apprenticeship numbers over the period, all factors likely to reduce training participation levels.

We also know, from the Deveson report on the costs of award restructuring, from the ABS Training and Education Experience survey, and from some recent work by the Allen Consulting Group for the Victorian Office of Training and Further Education, that the non-TAFE training market is both vigorous and at least as large as the public sector. The evidence also shows that whilst TAFE is the external provider most often used by firms, collectively they probably use other providers such as private trainers, industry associations, professional associations and equipment suppliers more frequently than they use TAFE.

The recent Employer Training Practices Survey shows that technological change and the quality imperative are the principal factors driving firms to their investment in and provision of training, and this is quite consistent with other evidence which shows that a competitive business environment is the most effective factor driving firms to pay attention to the skills of their workers. The French evidence, gathered over twenty years' experience with their equivalent of our Training Guarantee Levy, provides similar lessons.

Studies of effective enterprises such as the Business Council of Australia's Managing the Innovative Enterprise confirm lessons about the close relationship between management

practices, competitiveness, innovation and investment in skill formation. Innovative, competitive and well managed firms are more likely to take the skills of their workers seriously than are firms displaying the contrary characteristics.

What strikes me in reading such studies is the thinness and the inconsistency of the relationship between the formal training reform agenda and firms' decisions to invest in training. Studies by Andy Smith and his group from Charles Sturt University currently being carried out for the Victorian Office of Training and Further Education seem to say something similar. Firms invest in training because it affects their bottom line. When they decide to invest in training, the way in which they do it will not necessarily follow the directions presumed in the training reform agenda, about which almost none either know or care anything. Sometimes it will, but there appears to be no consistency in matters such as whether an accredited course is used, whether training is provided in-house or externally, and if externally whether through TAFE or a private provider. A lot seems to depend upon the nature of local arrangements and upon the effectiveness of the networks that particular managers or employers are hooked in to.

Firms seem to just get on and do it if they have to, and the government policies that make them decide to do so appear to have more to do with economic management than with training as such. (Although the now suspended Training Guarantee legislation was, in the recent Employer Training Practices Survey, rated as an important reason for increased training effort, along with technological change and the need to improve quality).

When they do have contact with the formal training machinery - TAFE, ITABs, competency standards and the like - sometimes firms complain that it is all too complicated - as the recent Allen Consulting Group's report Successful Reform indicated - but this is not always the case. While TAFE colleges can be cumbersome and inward looking in some aspects of their operations, when they are selling their services to firms they are often vigorous, enterprising and customer focussed. If TAFE colleges in a firm's home State are not able to respond appropriately, plenty of colleges in other States are only too happy to provide a service for a fee, and frequently do so, although their activities in this regard are more likely to be accessed by the larger enterprises than by the smaller. Such fee for service activity is as yet only a fairly small part of TAFE's operations, accounting for only six per cent of total recurrent and operating revenue in 1992, but I have no doubt that it is growing and will continue to grow rapidly.

If the formal training system is perceived to be all too complicated, many firms seem to by-pass it by doing their own thing or by using someone other than TAFE. Whilst at times an irritant, my impression, and the evidence appears to back this up, is that the formal training system is not a major impediment to firms becoming more competitive. As economic imperatives drive more of them to lift their game, they will take the development of their workers' skills seriously, and if the public, regulated training system cannot deliver what they want, they will go elsewhere.

The message about the complexity and bureaucracy of the training reform process does seem to have filtered through to governments, and there is no doubt that the recently adopted National Strategy for Vocational Education and Training contains commitments to a system exemplified by greater responsiveness and choice. What this will mean in practice it is hard to say. The MINCO announcement of governments' response to the Allen Consulting Group consultation process and report on the training reform agenda was fairly bland, and the test of the system's effectiveness in meeting the objectives of responsiveness and choice will lie in the implementation process being chaired by Stuart Hornery of the ANTA Board.

I would not expect any radical changes to come out of this, or any major shift to a client-as opposed to customer-driven industry training system in the short term. Certainly the strong argument put by Fitzgerald and his colleagues for a strong user buys principal to be incorporated into at least one part of the system has had a muted response. Part of the reason for not expecting any radical shift is the fact that there is as yet little in the way of a wide understanding of the case for another of Fitzgerald's recommendations. This is his argument for the bulk of public vocational education and training funding to shift to the entry level, and for that part of the system encompassed by firms' training needs or by training to upgrade the skills and qualifications of those who already have a job and an initial qualification to be largely governed by market principles.

We are likely to continue in at least the medium term to have the client driven and the planning driven elements of the system mixed together for both entry level and recurrent or further vocational education and training, unlike many other OECD countries which tend to limit the regulation of the content and delivery of vocational education and training to the entry level. If the changes that we can expect out of the system in the near future are unlikely to be radical, I suspect that it might not matter greatly given the existing commitment to open access to publicly accredited qualifications and given the reality of TAFE colleges' involvement in fee for service activities.

What does matter, however, is the failure of the formal vocational education and training system to respond effectively to the need for a greatly expanded and improved initial vocational preparation system. As a proportion of the labour force, the most recently available figures show that the number of apprentices and trainees is at the lowest level for a quarter of a century. Participation in full-time TAFE and equivalent courses has risen somewhat to compensate for the overall fall in apprenticeship and traineeship numbers in the 1990s, but at best this has kept the initial vocational preparation system at the same overall size, but with a weakened link to the workplace.

There are a number of basic structural features of apprenticeship which point to relatively weak links to training within the firm. Unlike other apprenticeship systems, the formally specified curriculum of apprenticeships has traditionally been confined to that element provided within off-the-job instruction. There has been a traditional expectation, embodied in indenture documents, that the employer will teach the skills of the trade. But the nature of what is to be taught in the workplace is generally neither separately specified nor

assessed'. Although certification procedures differ somewhat from state to state, in general apprentices are awarded a certificate by their State training authority upon completion of the term of indentures, and a further certificate if the off-the-job component has been completed successfully. The workplace component, not being separately assessed, is not certified as having been completed successfully, but only as having been completed. Indeed under present arrangements it is hard to know how it could be, for apart from group employment and training schemes which encompass perhaps one in ten apprentices, the Australian apprenticeship system lacks a general mechanism for supervising and ensuring the quality of the teaching and learning that occurs in the workplace.

The impression that limited formal instruction is provided by enterprises within the Australian apprenticeship system is reinforced by a recent Australian Bureau of Statistics survey of employer training expenditure. It shows that in 1993 hourly expenditure per employee on trade and apprenticeship training was the lowest of all fields of training and was only sixty per cent of overall average expenditure. At twenty-seven per cent the proportion of paid training time occurring in-house in trade and apprenticeship training was the lowest of all fields of training, half that for management training and only forty per cent of the overall average. Part of the explanation, other than a wage system that predisposes employers to use apprentices for productive labour rather than regarding them as learners, could be the emphasis within the formal apprenticeship curriculum upon broad transferable skills of value within occupational labour markets, and the consequent difficulty of tailoring apprenticeship training to enterprise needs. Some weight is given to this view by evidence from Richard Curtain's work on entry level training which shows the larger enterprises, which are more likely to have internal labour markets, to be relatively unlikely to be employers of apprentices and trainees.

Apprenticeship has also had great difficulty in attracting the more able and highly educated Australian school leavers. In 1993, for example, only twenty-three per cent of twenty year old tradespersons had completed twelve years of schooling, compared to sixty-six per cent of those of the same age working as full-time sales assistants. Forty-five per cent of tradespersons of that age had at best completed ten years of schooling, twice the proportion of the age cohort as a whole². Evidence from a longitudinal study of Australian youth in transition shows that between 1980 and 1989 the proportion of nineteen year olds who had ever taken up an apprenticeship who came from the top quartile of academic achievers fell from fourteen per cent to five per cent, and that the proportion coming from the bottom achievement quartile rose from eighteen per cent to twenty-three per cent. Traineeships have had less difficulty than apprenticeships in attracting Year 12 graduates, with fifty-nine per cent of the 1992-93 intake having completed Year 12, an increase from thirty-two per cent five years earlier.

¹ There are, however, notable exceptions to this such as hairdressing apprenticeships in South Australia and some pilot programs in the construction industry.

² ABS *Transition from Education to Work Australia, May 1993*. Cat. No. 6227.0, unpublished tables.

It is possible that the support for enterprise based entry level pathways that was affirmed in the White Paper might do something to address the issue of the larger enterprises' relative disinterest in entry level training. But I suspect that the issue is broader than that. What we need to be able to do, if we are to be able to get a larger and better initial vocational preparation system, is to address the issue of employer ownership - of the content and delivery - more effectively across the whole of the system, as well as the need for a more effective, uniform and rational system of junior or training wages that can encompass both apprenticeships and traineeships within the one set of common principles.

The creation of a national training award as a result of the White Paper is, I think, a sensible move that will, for adults, do something to encourage, if managed properly, firms to provide structured workplace training. But for young people the rates in a number of classifications do not appear to be able to encourage training participation, and the isolation of apprenticeship from the new arrangements will not help us to arrive at a new wage-based training system for youth that is of the size that we need. The likelihood of a more rational junior and training wage system being able to be used as a springboard for a greatly expanded initial vocational preparation system is uncertain if we take the pilots of the AVTS (previously the AVCTS) as a guide, for only a handful of wage based places were created in 1993-94 (under 500), and innovation in wage arrangements was the exception rather than the rule.

Whilst the bureaucratic nature of much of the formal training machinery might not be, as I have suggested, a major impediment to firms getting on with the job of training their own workers, it would seem - if the Allen Consulting Group's work and Richard Curtain's unpublished work on entry level training are any guide - a more significant impediment to necessary changes to our wage-based initial vocational preparation system.

The White Paper contains some glimmers of new ways of doing things. For a start the emphasis in its projected expansion of places is very much upon those that are linked to the workplace, and there is very little growth projected in labour market program places of a purely institutional training nature. This is sensible in light of the Green Paper's evidence of the relative ineffectiveness of the JOBTRAIN program compared to JOBSTART, the principal wage subsidy program. NETTFORCE was intended to speed up the process of getting new training packages in place for the long term unemployed, and if it can do so it might also have some implications for other parts of the training system. Certainly Commonwealth Ministers have begun to make noises about legislative solutions if the States fail properly to implement common and speedy accreditation arrangements in order to make the system work more effectively for the unemployed.

And the White paper's announcement of the creation of the Australian Student Traineeship Foundation is another signal that the Commonwealth is interested in ways of creating new employer involvement in the management of entry level training. The Foundation will work to create local partnerships between schools and firms that allow senior students to blend structured workplace learning into their timetable and have it

count towards both a school award and a vocational award. As Sweden and France have discovered in developing similar models, programs like this cannot be run from on high. They have to grow from the grassroots, and be supported by real local responsibility, shared between employers and schools, for program delivery. Hence a major emphasis of the Foundation's work will be to develop local expertise in sharing program management between education and industry.

The Student Traineeship Foundation is unusual for reasons that go beyond its charter to focus upon local workplace learning partnerships. Although created and funded by the Commonwealth, its Board does not have a Commonwealth representative on it. Schools and vocational training systems are on the Board, but basically it is led by industry. John Goodman, former Chief Executive of Baulderstone Hornibrook is its Chair and seven of its nine other members are from industry, including Sharan Burrow, Federal President of the Australian Education Union, as the ACTU nominee. The Foundation will not be an arm of the bureaucracy, but will be genuinely independent, incorporated as a non-profit association. And it will be unusual in that the funds that it provides to support accredited joint school industry programs that involve workplace learning will not flow through the States but will be provided directly to the local education - industry partnerships that manage the programs. It is a small start, but it shows some new thinking in national policy circles on ways of increasing industry ownership of the training system.

TABLE 1: ACCESS TO AND DEMAND FOR CONTRACTUAL TRAINING, 1967-68 TO 1992-93

Year	Apprentices in training as a per cent of persons aged 15—19*	Apprentices plus trainees as a per cent of persons aged 15—19*	Apprentices in training as a per cent of the labour force	Apprentices plus trainees as a per cent of the labour force
67-68	9.65	—	1.99	—
68-69	9.58	—	1.97	—
69-70	9.43	—	1.90	—
70-71	9.88	—	1.98	—
71-72	9.94	—	1.97	—
72-73	10.09	—	1.98	—
73-74	11.09	—	2.19	—
74-75	10.94	—	2.16	—
75-76	10.93	—	2.17	—
76-77	9.78	—	1.94	—
77-78	9.80	—	1.98	—
78-79	9.99	—	2.02	—
79-80	10.56	—	2.06	—
80-81	10.96	—	2.09	—
81-82	11.50	—	2.16	—
82-83	10.87	—	2.00	—
83-84	10.24	—	1.87	—
84-85	9.86	—	1.77	—
85-86	9.72	9.80	1.74	1.76
86-87	10.07	10.59	1.81	1.90
87-88	10.53	11.27	1.86	2.00
88-89	10.80	11.78	1.85	2.02
89-90	11.58	12.54	1.91	2.07
90-91	11.18	11.87	1.78	1.89
91-92	10.89	11.59	1.66	1.77
92-93	9.55	10.85	1.42	1.62

Sources: Department of Employment, Education and Training; National Centre for Vocational Education Research; ABS The Labour Force, Australia, Cat. No. 6203.0. Apprenticeship numbers refer to the total number in training at June 30 of the financial year in question. Traineeship numbers refer to total commencements during the financial year in question.

* Although four in ten apprentices are aged over nineteen, a consistent series on the age distribution of apprentices has been available only since 1983. Hence expressing the total number of apprentices in training as a per cent of those aged 15-19 will overestimate the real level of access to apprenticeship by the age group. 97 per cent of trainees are aged 15-19.

TABLE 2: EMPLOYER TRAINING EXPENDITURE BY FIELD OF TRAINING, 1993

Field of training	Average hourly expenditure per employee	Per cent of paid training time occurring in—house
Induction	\$13.31	97
General supervision	\$18.20	80
General computing	\$17.67	69
Health and safety	\$17.76	71
Management and professional	\$22.67	52
Technical and para—professional	\$19.00	75
Trade and apprenticeship	\$9.48	27
Clerical, sales	\$12.87	84
Plant and machinery	\$15.52	87
Other	\$16.00	74
All fields	\$15.91	65

Source: ABS Employer Training Expenditure, Australia July—September 1993. Cat. No. 6353.0

3. SOME CRITICAL ISSUES FOR THE TRAINING REFORM AGENDA³

Richard Pickersgill

In this morning's presentation I have limited objectives. First, I would like to give a brief overview of the origins of the training debate encompassed within what has become known as The Training Reform Agenda, and then discuss some of the paradigms within which decisions are being made in the area of education, training and industry links. The concentration will be on policy development, particularly as it has affected the VET sector - but I hope that by extension some comments will apply to school and tertiary sectors as well.

By way of an extended introduction, some observations about the process we all find ourselves engaged in would be useful. It is a relatively recent phenomenon that employers and educators would be sitting down to discuss more effective links between the two groups. In NSW for example, it was not many years ago that the Directors of Curriculum in the TAFE and School Education had never met, and a situation where industry input was not only accepted but actively sought in the development of school curriculum would have been almost unthinkable.

The policy context within which we are now operating is, as we all are aware, one in which Commonwealth, State and Territory governments now are actively seeking, in principle at least, to eliminate what has been identified as a "false dichotomy" between "general" and "vocational" education and training. The analysis and proposals of Finn, Mayer and Carmichael⁴ have in principle at least, been almost universally accepted and the promotion of a range of programs, including the Australian Vocational Certificate Training System (AVCTS) are intended to ensure a convergence of what has been seen as two separate processes.

"General" and "vocational" education and training are on this understanding, to be seen as part of a continuum within a broader social context and not as opposed educational philosophies and practices. The fact that we have here today representatives of both "Industry" and "Education" also, I would suggest, infers that it would be useful to try to remove other "false dichotomies" and see the needs of industry, education and training

³ Speaking notes from the conference.

⁴ *Young People's Participation in Post-Compulsory Education and Training*, (Final Report), AEC, July 1991. *Key Competencies: Putting General Education to Work* (Mayer Report), AEC and MOVEET, August 1992. *The Australia Vocational Certificate Training System* (Carmichael Report) NBEET.

providers and not least of all students/trainees not as discrete entities but also as existing as part of a continuum - again within a broader social context.

Further, in the context of "life-long learning" we should not forget that the term "student" encompasses all ages and all groups, including everyone in this room, and that the integration of adult learning into an expanded curriculum will provide a new set of challenges to both educators and to industry. For example, although great attention has been paid to the vocational destinations of young people in the post-compulsory years, a challenge for skill formation in industry is that over 75% of the current workforce will still be in the workforce next century. That is to say "industry" should not be seen as a passive recipient of the outputs of education and training from schools TAFEs and universities. It is, and needs to, and will become even more, an increasingly important supplier of students and trainees to the education and training sector.

Therefore, when considering the development of more efficient and effective links between "industry" and education" it will be important for all parties to realise that the linkages are necessarily mutually dependent and to be effective will need to become increasingly interactive.

EDUCATION, TRAINING AND ECONOMIC PERFORMANCE

When considering the actual and potential relationship between employers and educators it is useful first to consider the origins of the current education and training debate and then, secondly, review the features of the "training reform agenda" through which education and training policy is intended to be implemented.

Since the mid 1980's the role of education and training in improving national economic performance has developed as a major issue in public policy. There is general agreement amongst peak government and industry advisory bodies that global economic pressures have made it necessary to substantially increase both quality and flexibility in the Australian product and labour markets, and that improved and more flexible systems are required to support higher levels of skill formation in the workforce. Under the successive Accords between the government and the ACTU the industry restructuring strategy of the post-1983 Labor administrations has proceeded on three broad fronts.

First, policies of tariff reduction, deregulation and privatisation have been introduced with the objective of improving competitive performance by increasing competitive pressure.

Second, structural reform has been pursued through a series of industry plans, for example in the Steel, Automotive and Textile Clothing and Footwear industries, supported by a range of initiatives to encourage "best practice", quality improvement and export enhancement.

Third, a program of award restructuring has been introduced whose object is to develop a skill-based classification system where award classification - and hence wage outcomes - are to be linked to recognised skills and training. Award restructuring has been accompanied by a strategy of union amalgamation around broad industry grouping, and a process of linking national wage increases to enterprise productivity growth following the Structural Efficiency (SEP) and Second Tier agreements. More recently, we have seen policies intended to enforce a shift towards decentralised industrial relations in anticipation that such changes in workplace bargaining will open the doors of further productivity increases.

The stated linkages between economic performance, structural adjustment, award and industry restructuring and skill formation practices provide much of the context to the debates about education reforms. It is, therefore, impossible for educators to ignore the broad industrial context within which education and training is taking place. This is unfamiliar territory and a significant challenge for educators, but it is not an issue that can be avoided. It is this explicit linkage at a policy level between the needs and demands of employment in an industrial relations sense which, I would suggest, gives what we have come to understand as the Training Reform Agenda its particular flavour.

THE TRAINING REFORM AGENDA

The Training Reform Agenda may be described as the collection of policies developed in conjunction with industry and award restructuring to support the skills formation processes intended to underpin the linkage of skills and productivity. Its development can be traced through a series of key policy initiatives and documents conventionally, if not strictly accurately, commencing with the tri-partite mission to Europe which resulted in the publication of (TDC/ACTU 1987) *Australia Reconstructed*. Other overseas missions followed such as the three Department of Industrial Relations (DIR) tripartite missions in the Metal and Engineering (1987), Forestry (1987) and Automotive (1988) industries, and they came to generally similar conclusions. Continuing the general call from peak government and industry bodies for better quality and more flexible skill formation policies came Dawkins and Holding's (1987) *Skills for Australia*, The Australian Manufacturing Council's (1988) *Skills in Manufacturing Industry* and the Commission for the Future's *Skilling the Community: Futures for Public Education*, prepared by Beare and Milikan (1988).

The key policy objectives were outlined in Dawkins (1989) *Improving Australia's Training System* and remain substantially unchanged. These were:

1. To increase the national investment in training;
2. To improve the quality and flexibility of national training arrangements;

3. To improve national consistency of training arrangements and the co-ordination of the National training effort;
4. To improve access available to disadvantaged groups; and,
5. To improve arrangements for the recognition of overseas skills.

Despite the emphasis on skill formation in industry, if we substitute 'education' or 'education and training' in the statements from this period I think those involved in school and/or tertiary education will recognise the policy directions.

ORIGINS OF THE TRAINING REFORM AGENDA

How and why did this new focus on the linkage between skill formation and economic performance come about?

As noted above, a convenient, if slightly misleading starting point is the publication of the TDC/ACTU report *Australia Reconstructed* in 1987. This is slightly misleading because, as educators in the audience would be aware, there have been a plethora of government reports into the education and training systems in the post-war period which have had greater or lesser effect in the different states and territories at different times. Of major significance was of course the 1974 *Kangan Report* which provided the basis for substantial Commonwealth involvement in technical and further education. State aid for non-government schools also increased the Commonwealth presence in the school sector in the same period. As the industry representatives would also be aware, there have been an equal or greater number of reports into industry needs and performance, including labour planning during the post-war period. Indeed, it is sometimes not recognised that the post-war migration program can be interpreted as a skills formation program directed towards the needs of employers in expanding Australia's industrial base. Migration effectively externalised the cost of education and training onto the countries of origin and, notwithstanding inefficiencies in the use of many of these acquired skills, certainly provided 'entry level' workers already educated with the 'right attitudes' towards work.

However, *Australia Reconstructed*, and the reports which followed are an identifiable watershed if only because it was from the mid 1980's that public policy and rhetoric began to draw an explicit linkage between the goals of education and the goals of economic performance. *Australia Reconstructed* expressed this relationship when for example it stated that:

"Evidence suggests that *Australia is not producing the right skills* as well as not producing enough skilled people. This evidence includes:

- * the sharp decline in, and very low levels of, exports of technology based products;

- * the failure to develop commercially a number of products discovered or developed domestically;
- * the persistent shortages of higher-level and specialist skills in engineering, science and computing; and
- * the narrow focus of the skills acquired by many Australian workers.⁵

Although a cynic might suggest that the statements were long on assertion and rather short on empirical support, they quickly assumed the status of received wisdom. *Australia Reconstructed*, of course, also advocated a range of industry policies which have subsequently been abandoned. However, for educators a surviving legacy has been, (and I believe quite correctly) the emphasis on an essential linkage between economic performance, education and training.

The needs of industry, and a suggested approach, had been expressed in another report of an earlier overseas mission.

"What is really required is, (a) definite recognition of the economic value of a sound system of technical education...

"... In Europe technical schools have been founded *in anticipation* of requirements, and have practically been the means of creating industries. Here the method is *to wait for a demand*, for some special form of instruction, and then to provide it imperfectly.

... One cannot study the Technical Schools of Germany ... and fail to recognise that there is a belief in the national value of all forms of education that is if not wholly wanting in us, is at least sadly deficient in comparison.

..."Germany's provision for higher, *technical*, secondary and primary education expresses, in a vivid and practical way her belief that expenditure on the education of a people pays, and is the necessary foundation for great national success..."⁶

There is a reason for the slightly archaic style in the quotation cited. It comes from a report to the NSW Parliament following a 1902 mission to investigate technical training in 15 European countries (including the UK, Germany and Sweden), the United States and Canada. The sentiments of Commissioner Knibbes' report to the NSW Parliament, are not I suggest, significantly different to the conclusions of *Australia Reconstructed*, which also noted that:

⁵ ACTU/TDC, *Australia Reconstructed*, AGPS, 1987, Section 4

⁶ Report of the Commissioner on Agricultural, Commercial, Industrial and Other Forms of Technical Education, NSW Government Printer, 1905, P19, pp.186-7

"In *Sweden*, skill formation is promoted by developing substantial resources, both public and private, to training and retraining throughout a persons working life. In *West Germany* and *Austria*, the vast resources invested in the dual system of workplace and vocational training demonstrate those nations commitment to the development of a highly skilled workforce".

Indeed, Commissioner Knibbes' recommendations to reform apprentice training and include such innovations as "sandwich" and shortened apprenticeships anticipate the equivalent sections of the *Carmicheal Report* by 90 years.

These quotations have not been introduced merely to point out that the "imperfect provision" of "special forms of instruction" - for example, in the current environment Competency Based Training (CBT) - is not new in Australia, or even that the search for overseas models has a long history. (I will admit however that it was part of the reason). Rather, the purpose was to indicate what is significantly different about the approach adopted during the late 1980's.

What is significant in the current situation is, I believe, that many of the methods chosen to implement education and training reform - methods such as CBT, national standards, ASF levels and the like - have now become part of the educational environment within which employers and educators alike have no choice but to operate. I suspect that much of this new environment is as confusing to educators as it is opaque to much of industry.

RESULTS FROM CURRENT RESEARCH

While I would strongly suggest that the development and implementation of policy has taken place from a minimalist research base, there are now a number of research projects recently completed or nearing completion which are seeking to evaluate the new and proposed arrangements. The majority are in unpublished form and are not, therefore, available to researchers for citation. However, *Successful Reform*, undertaken for ANTA by Dr Vince Fitzgerald, was published in June 1994 and provides an opportunity to comment on an important contribution to the debate on the experiences and directions of reform in vocational education and training. .

In summary, Fitzgerald's findings that there is:

“. an apparent lack of strong business support for the reforms is a key matter for concern. While firms support key elements - such as CBT - generally speaking the reforms do not appear to have had a demonstrable effect on enterprises' decisions or productivity, although with clear exceptions. Some aspects of the reforms probably discourage firms - many expressed concerns about links to industrial relations issues, among a range of concerns about bureaucracy, rigidity and relevance to them. The White Paper goes some way in

responding to the latter issues - primarily in respect of entry level training and training under labour market programs.

We believe that the reforms have been constructed from a supply-side perspective and driven by a top-down policy approach. Efforts directed at demand side issues appear centralist in approach.

The supply of publicly recognised training is heavily focused on courses or parts of courses. This focus is limiting the delivery of the more modular and flexible approach required by enterprises and the emergence of new training products and services.

The current concept of the training market is too limited, with many elements necessary for a properly functioning market missing. There is limited knowledge about the match between supply and demand and the market is not accessible to smaller enterprises. Government regulation of and intervention in the market is constricting rather than fostering its development. Consumer information about the price, quality and other attributes of training is missing.

Key elements in the chain of reform are not working well together. The development and national endorsement of competency standards is supported but the Australian Standards Framework in its present form adds limited value to enterprises. Approaches to national curriculum development limit the emergence of more diverse responses. Accreditation of courses, recognition of training programs and registration of providers are not well understood or accessible and are costly for participants. Assessment issues are unresolved. Insufficient attention has been paid to implementation of the National Qualifications Framework.

Micro-economic reform in the publicly funded vocational education and training sector has been tackled only obliquely.

Our general view is that the elements of the reforms do not represent a complete overall strategy but rather a loosely connected set of relevant policies. Insufficient attention has been paid to the management of change. Performance planning and reporting in terms of outcomes has not been adequate and accountabilities and responsibilities have been confused".

The picture painted is fairly bleak and positive findings on the approach adopted over the past five or so years amount to little more than damning with faint praise. In outcome terms I would generally agree with the picture painted by Fitzgerald although I do think the picture is not as bleak as might be inferred.

Fitzgerald's broad conclusion is that the policy approach has focussed on the supply side, and that a significant shift to the demand side, that is to provide a significantly increased

enterprise focus is now necessary. The publication of the *Allen Report*⁷, combined with strong pressure from the Business Council of Australia (BCA) to emphasize "enterprise pathways" in Entry Level Training; along with the BCA's general position on industrial relations, may well indicate that training reform may lose a coherent national focus in the same way that the industry policy of the 1980's has been effectively abandoned.

It is interesting that to agree on matters of fact does not imply that one has to reach the same conclusions, and in the final part of this presentation I would like to suggest different interpretations of findings in the *Allen Report* and different paradigms that may lead to different approaches.

SUPPLY AND DEMAND IN EDUCATION AND TRAINING

If we assume that an increase in the quality and quantity of education and training is desirable, that it is a direction in which our society wishes to go, will a reliance on the "demand side" achieve this objective?

I don't believe it will for reasons of both theory and available empirical evidence.

First, when skill formation policies and practices are categorised as being capable of being determined on either the "supply" or 'demand' side there is an implicit introduction of the assumptions of a neo-classical market model. Assuming for a moment that at least one of the outcomes of education and training is to prepare the community for employment, that is entry to the labour market, any discussion must consider the differing conceptions of the operation of a labour market.⁸

The key assumption of a neo-classical model which is implicit in the approach recommended in the ANTA Report, is that the market for labour is the same as any other. Relations within it, it is assumed, are settled by a myriad of buyers and sellers exchanging services (labour) for money (wages).

A major weakness of this conception of the labour market derives from the very assumption that it can be treated like any other. However, labour is not a tangible commodity - what is traded is the ability to work, an ability enhanced by education and training, and not the work itself. The exchange of this potential service cannot be analysed in the same way as the exchange of tangible commodities. Labour supply is primarily determined by demographic trends and social customs while labour demand is primarily a function of anticipated output. Further, the price of labour is most strongly influenced by notions of acceptable living standards and while conditions of supply and

⁷ V. Fitzgerald, *Successful Reform*, Allen Consulting, ANTA, June 1994, Chapter 3

⁸ The following five paragraphs in this section borrow heavily and summarises a more detailed analysis by John Buchanan and Ron Callus. See J. Buchanan and R. Callus, "Efficiency and Equity at Work", *Journal of Industrial Relations*, December, 1993

demand have influence, they are not the critical factors determining, for example, rates of pay.

Part of what has been identified as an unnecessary intrusion of industrial relations into the education and training agenda is in fact about rates of pay. While such considerations may not be immediately significant to educators they are quite significant for the participants in education and training. Indeed, they become increasingly important to students and trainees the nearer they approach post-education labour market ie; employment situations. To expect or assume that basic issues of wages and conditions will not affect training and career path choices made in the post-compulsory years is, I would suggest, to underestimate the market rationality of students. It is, in fact, unavoidable.

The labour market - and the associated training market - should not be seen as a potential clustering of harmony and order - spoilt only by the imperfections introduced by interventions on the supply side.

Rather, the labour market should be seen as something intrinsically highly structured in which individuals or segments do not compete with each other for jobs but rather as composed of a myriad groups based on industry sectors, firms/enterprises and occupations. The precise nature of segmentation in any one industry sector will vary with production technology, industrial structure and product market conditions. Within these constraints the policies of employers, employer representatives, employees, unions and state agencies such as the education and training providers also influence the nature of labour market segmentation.

In Australia, with relatively few large enterprises capable of sustaining an internal labour market, the question of occupational mobility and the transferability of skills assumes additional significance.

As Howard Gospel has noted the survival of the apprenticeship system in Australia compared with the USA and Thatcherite Britain, has been at least partly a result of the real needs of skill formation of Australian businesses which, being small compared with overseas large manufacturing firms, rely on an occupational labour market supplied by the apprenticeship system, for skilled labour.⁹ It is to be hoped that the proposals to introduce the Australian Vocational Training System in Australia do not result in changes to apprentice training which will undermine what has been a workable system by including

⁹ Howard Gospel, *Whatever Happened to Apprentice Training*, ACIRRT Working Paper No 28, July 1993 and "Survival of Apprentice Training in Australia", JIR, Vol. 36, No. 1, March 1995 pp.37-56. Gospel notes that this system, supported through the Award System and state employers, enabled Australia to retain equivalent or higher levels of Entry Level Training for 15-19 year olds than German speaking and associated countries. pp.43-45

additional bureaucratic systems of control and assessment which provide disincentives to employer participation.¹⁰

A policy position which relies on enterprise driven demand will inevitably reflect the needs of large firms with the potential to develop internal labour markets and skill formation practices. A reliance on such an approach is likely to promote enterprise based training systems and is likely to reduce the numbers of workers with transferable skills, as each employer seeks to limit the mobility of the workers they train. This in turn would lead to long term skill bottlenecks as the economy expands. Such a picture is not, I think, what industry really wants or indeed expresses as its needs, although I suggest it is a scenario which could follow from uncritical acceptance of 'supply' and 'demand' assumptions and models.

The empirical evidence does not justify any such policy reliance on the demand side. In Fitzgerald's Report it is noted that the apparent lack of business support for the education and training reforms is a matter for concern, and that many enterprises have failed to lift the strategic role of training within their organisations to best practice.

Other surveys, such as a June 1994 NSW TAFE survey on the training needs of small business conducted by external consultants (unpublished), confirm the view that small business in particular, which employs half the workforce, does not place a high priority on education and training. Wishing it so does not make it so.

From another perspective ACIRRT's own research in a number of areas echoes this. It is generally assumed, for example, in the debate on decentralised industrial relations that enterprise bargaining as a vehicle for micro-economic and labour market reform will introduce productivity improvements. It is also assumed that education and training will play a significant role in this.

However, in an analysis of enterprise agreements conducted by ACIRRT in late 1993 the importance of education and training provisions in enterprise agreements has declined markedly over time. In federally registered agreements the incidence of education and training provisions declined by 19% over a six month period and smaller declines were noticeable and occurred from a lower initial base in NSW. Preliminary analysis of more recent Queensland registered agreements has shown a similar pattern to the federal jurisdiction. The reason, it would seem, is that earlier agreements reflected both significant trade union involvement and the influence of initial approaches to award and industry restructuring. *Later agreements reflect increasing concern, at the enterprise level, of*

¹⁰ The recent decision of the Ministers of Employment Education, and Training and Youth Affairs (MCEETYA) in November 1994 to make the "translation" of apprenticeships to the AVTS a priority area suggest that this hope may be forlorn. It is difficult to believe that the decision this year (1995) to spend approximately \$50 million dollars to translate existing apprenticeships could not have been more efficiently and effectively spent introducing structured training in areas in which it did not previously exist.

*traditional management approaches to productivity gains through control of hours, wages and numerical flexibility.*¹¹

This noticeable shift in the importance given to education and training within agreements may not in itself demonstrate lack of importance given to education and training. It may be that skill formation is now so important and transparent at the enterprise level that it is not considered necessary to include it within agreements. However, the general thrust of all current research of which I am aware indicates that, in the aggregate, failures in the training market are most apparent on the demand side - and hence we should be cautious in assuming that a reliance on the demand side will provide a solution to the problem of increasing both quantity and quality of education and training.

WHAT IS TO BE DONE?

At the outset of this presentation I suggested that I felt there was a need to be at least a little provocative - and I hope that the comments will provoke some discussion.

The concentration has been on public policy in general and specifically on vocational/technical education and labour market issues. Partly this is in recognition that business, schools and universities will also present their point of view later - and partly because in the policy environment such an emphasis is I think justified

On the basis of our own experience and research I have to agree with critics such as Vince Fitzgerald and, from a different perspective, Gillian Goozee¹² who have criticised the Training Reform Agenda as being

‘in effect a series of policy statements endorsed by ministers with no clear statement of overall strategy or outcomes ... in which different components separately and unlike the (1974) *Kangan Report*, have not been integrated into a coherent package’

The components, and specifically I would suggest most of the imposed methods associated with the Training Reform Agenda are in fact opaque to both industry and educators.

I feel sympathy for any employers or member of the public who attempts to interpret the shifting array of acronyms whose major purpose, it would seem, is to ensure that outsiders are not admitted to the mysteries of education and training. And I also would not like to be an employer who may attempt to traverse the minefields of accreditation and assessment in their current forms.

¹¹ ACIRRT, unpublished data from the *Agreements Data-base And Monitor* (ADAM).

¹² G. Goozee, *Australian Training*, June/July/September 1994 p.9

The major problem, it appears to me, is that there has been a failure to conform to some basic principles of strategic planning that are common to both business and to educators alike. Those principles are the principles of strategic planning in which aims and objectives are distinguished from the means chosen to achieve them. In implementation of education and training reform I think we have lost sight, at a policy level, of the aims of reform. These were simply to increase the quality and quantity of skills and knowledge available within the community. These strategic aims have become confused with specified methods chosen to achieve the aims such as CBT, competency standards, mastery learning methods, ASF levels and imposed national qualification and curriculum frameworks.

Earlier in this talk I characterised a simple "supply/demand" view of training and labour markets and I wish to note that Dr Vince Fitzgerald's position and analysis is more sophisticated than I indicated. While I disagree with the analysis, and believe that an uncritical adoption of it entails dangers for skill formation practices in Australia, there is one aspect of the model that is fundamentally correct, and that is the need for free information exchange for the process to work efficiently.

What is extremely heartening from a range of research activities currently going on in the VET sector is the evidence that there is a range of formal, and especially informal arrangements and networks between employers and educational institutions at regional and local levels. What is also significant is the importance of coordination arrangements - coordination arrangements that employers as a whole have neither the resources or the time to provide. The challenge for the public sector is to provide that necessary coordination - but to provide it in a way that supports linkages and allows the satisfaction of the needs of all parties.

4. REVISING THE TRAINING REFORM AGENDA: SOME ISSUES¹³

Perce Butterworth

The current round of talks on the development of APEC (Asia Pacific Economic Co-operation), with its attendant reduction in tariff barriers and the freeing up of markets, will mean that Australian industry over the next decade will need to substantially raise its levels of productivity and embark upon a more competitive path, generally, if it is to become a true economic force in the South-East Asia and Pacific Rim regions. This will pose one of the greatest challenges to its vocational education and training (VET) system this century.

Member countries of APEC have agreed that developed economies, such as Australia and the USA will have removed all trade barriers against other members by 2010; and lesser developed economies, such as the Philippines, will achieve this target by 2020. The member countries of APEC include Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, Taiwan, Thailand and the USA. In combination, some 40% of the world's population (2.2 billion people) live in these economies.

Australia has already proceeded some way down the path of opening its economy to take advantage of world-wide trade opportunities. This progress has involved a significant restructuring of industry, investment in new capital equipment, and reforms to its industrial relations and training systems. The progress rests upon the adoption of a philosophy that all Australian economic activity must become internationally competitive. Indeed, while it is exceptionally difficult to measure, the benchmark for economic efficiency is the ability of firms to survive in international markets without artificial assistance. As tariff barriers come down, this ability will be put to an ever-increasing test. In this respect, it is crucial to acknowledge that internationally efficient firms and industries will require support structures that, themselves, are the equal of the best in the world. Such structures include capital markets, training systems, industrial relations arrangements, government policy, development procedures and efficient internal markets. While the relative importance of each of these will vary from economy to economy, training will remain a strategic input to higher levels of national economic performance for the foreseeable future. As the Business Council of Australia put it:

¹³

This paper represents the view of the author and not necessarily those of the Board of Vocational Education and Training.

...a high quality workforce, engaged in continuous improvement and deployed in ways which maximise our strengths, can provide an enduring source of competitive advantage for firms, good wages and secure jobs for Australians, and can attract investment to Australia. Conversely, a failure to lift the skills and productivity of the workforce will lead to further declines in incomes and to investment and jobs migrating to other countries.(1)

Clearly, then, the performance of Australia's enterprise will need to be securely underpinned with an appropriate and relevant training effort if it is to rise successfully to the APEC challenge.

What might such a training effort look like? Essential elements include:

- it must recognise that it is enterprises which compete and hence they must become the focus of training activity;
- it must reflect both the economic and training needs of tomorrow as well as today;
- it must address the reliance that small and medium sized firms have on public providers by introducing more flexible arrangements and a more responsive public system of provision;
- it must produce employees who are multi-skilled, flexible in their work practices, with an ability to participate in a variety of ways in work organisation and in progression in the enterprise;
- it must be cost-effective and hence attractive to enterprises;
- it must be capable of being tailored to individual enterprise needs;
- it must enable appropriate recognition of skills gained and allow their incorporation into industrial awards;
- it must provide a balanced range of skills and knowledge covering both entry-level and higher skill levels; and crucially;
- it must be of a standard that matches or exceeds the world's best.

To enable the nation's training effort to realise these goals, Australia has embarked upon a path of reform of its vocational education and training systems and structures. The remainder of this paper outlines developments in that reform, and ends by raising a series of issues that have a bearing upon how successfully the nation develops and implements training reform in the years ahead.

THE NATIONAL TRAINING REFORM AGENDA

The key ideas behind the National Training Reform Agenda were articulated in the 1987 trade union publication entitled *Australia Reconstructed*. This document floated the idea of Australia becoming a high wage - high skill economy, subjected to international economic forces, and among other things, based upon a dynamic coordinated and nationally based system of skills formation and enhancement. Much of the early thinking was based upon highly structured training systems such as those in Germany and Sweden. Such systems involved a far more significant role for business in the training arena. A dynamic force behind Australian thinking, then, was the means by which Australian industry could be encouraged to become more active members in the skills development process. This goal was seen as highly desirable, as the existing system was largely dominated by government bureaucrats and supply side agendas.

The main features of the original agenda were:

- the move away from a time-served system to one based upon competency attainment;
- a system of nationally recognised qualifications; and
- the replacement of government with industry as the 'driver' of the system.

These developments were co-incident with the establishment of the National Training Board in 1989.

Since these early moves, what has come to be known as the National Training Reform Agenda has been expanded with the growing focus on competencies and competency standards for individual industries; the development of a national framework through a variety of channels to expand the size and level of competition in the training market; and the move towards the adoption of quality standards and more flexible arrangements for accreditation and provider recognition.

In large part, this reform agenda has been driven and dominated by government bureaucrats, which has not only tended to exclude enterprises from the decision making process but has also emphasised an industry rather than an enterprise focus. A further problem has been the ongoing concern about the relationship between training reforms and industrial relations reform, particularly the potentially negative effect that an industry-wide training approach can have upon individual enterprises seeking to establish enterprise agreements with their staff. Industry also felt there to be a fundamental problem in having government as both the regulator of training and the major provider.

As the expressions of concern about the process of training reform grew and criticism became more widely based, the Ministers responsible for training charged the newly formed Australian National Training Authority (ANTA) with the task of conducting a review

of the implementation of the Australian training reform agenda. ANTA commissioned the Allen Consulting Group to report on the matter, the investigating team being led by Dr Vince Fitzgerald. Much of the Allen Consulting Group's findings reflect the position that the reforms lack real support in the business community and as a consequence, they will never realise their potential. The solution, it was felt, lies with a business sector which leads the reform process, is intimately involved in the development and implementation of the reforms, and continues to see that training reform is a valued part of the ongoing quest for economic improvement. A common feeling expressed during the review was that industry felt itself to be 'locked out' of the process. To overcome this latter problem, a new body has been established to provide a forum for unions and employers to discuss training reform on a regular basis. This new body is called the Joint Industry Training and Education Council (JITEC). An early focus of JITEC will be to attempt to resolve a number of industrial relation issues which are affecting training reform.

The Allen Consulting Group's report also focussed strongly upon the "demand side" as a driver of future training reform. The ongoing dominance of the agenda by supply side agencies, it was felt, was contributing to a situation where program offerings were being determined largely upon what the agencies could offer, rather than what they should offer. One means of challenging this situation is to put more power into the hands of the client and less in the providing agency. The result has been the proposals centred around "user buys" and "user choice".

Subsequent to the receipt of the Allen Consulting Group's report, ANTA prepared a document entitled *Proposals for the More Effective Implementation of Training Reforms (2)* and conducted widespread national consultations to canvass views and to communicate the substance of the Allen Consulting Group's finding. It might be said that, in some areas, the ANTA interpretation of the Allen report lacked the 'punch' that the original report incorporated, but by and large, all the main areas of contention were raised in the ANTA version. After considering a report in the ANTA consultations, Ministers agreed to an implementation strategy that saw the formation of a wide number of transitional teams to deal with the proposals contained in the ANTA Board's advice to Ministers, including the issue of national roles and responsibilities. These transition teams covered the areas of:

- *Recognition of Training/Accreditation.*
- *Assessment.*
- *Standards/Best Practice.*
- *User Choice.*
- *New National Structures.*

The work of the transition teams has now been formalised into an implementation plan - The Implementation Plan of Proposals for the More Effective Implementation of Training Reforms (3) - major areas of which can be summarised into the themes contained in the ANTA National Strategy. (4) They are:

- *Responsiveness* the key is to enhance choice so that clients can choose from a full range of providers who, wherever possible work in partnership.
- *Quality* the focus of which is best practice and quality assurance. These must be backed up by a streamlined program design and delivery system.
- *Accessibility* this includes access for all clients of the system - industry, enterprises and individuals.
- *Efficiency* the efficient use of resources will allow for increased provision and more flexible delivery.

The Implementation Plan, which spells out actions required, timelines and responsibilities, has been agreed by Ministers and is in the process of being applied. Some of the more interesting 'issues' contained in the Implementation Plan include:

- Bodies meeting 'best practice' criteria should be able to directly endorse their own standards or accredit course.
- Guidelines for competency standards development should be flexible and reflect the broad range of industry and enterprise standards in existence.
- Industry will have increased opportunity to plan for standards development and set its own priorities.
- There remains a need to promote greater understanding about the issues involving training and industrial relations.
- NFROT needs to operate more effectively.
- Co-ordination of the implementation of the National Qualifications Framework in the VET sector is necessary.
- Emphasis in assessment activities should be upon outcomes.
- Quality assurance arrangements will include a commitment to quality delivery (including management), competitive funding arrangements and better performing ITABs.

- 'User Choice', when expanded, will allow for increases in partnerships between enterprises and providers at the delivery point.
- Accreditation processes need to be speeded up.
- A clear allocation of responsibility is essential for a streamlined process to implement the Australian Vocational Training System (AVTS).
- Curriculum development and standards development need to be brought closer together.
- Greater amounts of information on the VET system need to be available.
- A new agency should be formed incorporating the National Training Board, the Australian Committee for Training Curriculum, the National Staff Development Committee, the National Framework for the Recognition of Training and the National Qualifications Framework (VET component). This will overcome current problems with fragmentation and unclear accountabilities.

With respect to this last proposal - to establish a new national body or structure - it has been agreed by Ministers to incorporate it within the ANTA structure; where necessary, to amend the ANTA legislation in consultation with the States; to make staff of the involved bodies staff of the ANTA; to continue to let ACTRAC Products Ltd to trade; and to form two separate committees, one to cover staff development and the other (to be called a council) to have coverage of competency standards, curriculum, issues in relation to the National Qualifications Framework, the co-ordinator of NFROT, assessment and quality assurance.

Most of the phases of implementation of the outcomes of the Allen Report are planned to be completed by the end of the third quarter, 1995. This represents a rapid pace of implementation, and although there are great pressures on the system to adjust itself to the revised agenda, it is critical that none of the parties to the revision be left behind as its success depends upon the involvement of all.

WHAT HAS THE NATIONAL TRAINING REFORM AGENDA ACHIEVED?

With such a substantial revision of the Nation Training Reform Agenda generated by the Allen Consulting Group's report, it is tempting to conclude that the original agenda was fundamentally flawed and has been of little use. Nothing could be further from the truth. Indeed, it can be readily argued that much of what the Allen report came up with in its findings was already 'in the pipeline' in a number of the States and Territories, and that the major contribution of that report has been to co-ordinate these new activities nationally and to standardise their development. As an example, the increased role and importance given

to industry in the Allen report has been a feature of the membership of most of the State Training Authorities' Boards and Sub-Committees. Alternatively, most State and Territory systems have processes under development or in the implementation stage, for addressing the need for quality assurance. Similarly, in most States and Territories, accreditation processes were being streamlined and provider registration introduced.

So what has the National Training Reform Agenda achieved so far? While there still remains much to be done, the Agenda has realised a considerable number of achievements since its inception:

- State, Territory and Commonwealth Governments have agreed upon a range of important matters such as the mutual recognition of vocational qualifications, competency standards, the formation of ANTA, a variety of improved planning processes, including State Training Profiles and a National Strategy, and the formation of national facilitating bodies such as the Australian Committee on Vocational Education and Training Statistics (ACVETS).
- The AVTS has been agreed in large part.
- A competency-based system of training has been adopted.
- A growth volume of competency standards has been prepared and introduced.
- The concept of key competencies, by and large, has been introduced.
- Training markets have been expanded and diversified and this will continue.
- A growing number of partnerships between providers and enterprises is occurring.
- Improved co-ordination has occurred at the State and Territory level through the creation of State Training Agencies.
- Much of the infrastructure for the introduction of the Reform Agenda, such as NFROT, has been developed.

Many of the structures that have been formed as a result of the Agenda have resulted in the need for considerably higher levels of communications within the government sector itself and between it and industry. As communications have progressed, they have resulted in a growing sense of understanding between all parties and a diminution in the parochial attitudes that previously prevailed. Such an outcome, of course, is essential to the longer term development of the training sector in Australia.

No initiative such as the National Training Reform Agenda can be free from detracting characteristics. The Australian Agenda and its products have not been particularly accessible to enterprises and individuals. Nor has there been a major effort to distance it from the adversarial industrial relations system, and thereby inculcate in business the

perception that training is not linked with industrial relations outcomes that can be costly and disruptive. A further problem has been the virtual dominance of the Agenda by government agencies and bureaucrats, the output from whom has been a formidable set of rules and regulations rather than products and services that are available readily to enterprises. Other problems involve the lack of a readily available training market - its development will take time - and the continuing lack of focus upon enterprises and their needs.

On balance, there can be little doubt that the National Training Reform Agenda has had a considerable impact on the Australian training system. Current developments, then, can be seen to be both an extension and a 'sharpening up' of an Agenda that has been in operation for some 4-5 years. A further review in 3-4 years time will probably be required if the Agenda and its related training system are to maintain their currency and relevance.

SOME ISSUES

While the revised National Training Reform Agenda will undoubtedly address many of the problems extant in the training system, there remain a number of issues that will need to be kept uppermost in the minds of training administrators. Some of the more important of these issues are:

- there is a feeling that too much is happening at once in the Australian training system. This has resulted in there being no clear view of how it will all come together.
- There is an ongoing and critical lack of understanding 'out there' as to what the training reform process is all about.
- It is still unclear as to whom is driving the change in the system and who is setting the pace. Is it Ministers, enterprises, industry, government bureaucrats, individuals?
- There is a danger of the National Training Reform Agenda being hijacked by the unemployment agenda. The training system should be seen as being for training, not unemployment reduction.
- Some industrial relations problems persist.
- The introduction of the AVTS has been poorly communicated 'out there'. Will apprenticeships die quietly?
- Industry still appears loath to become more closely involved with training and the Reform Agenda.
- Training reform is both costly, difficult and takes time to achieve. There has been a tendency to believe that by waving some "magic wand" it can all happen overnight and at very little cost. The reality is much different.

- There is still a range of philosophical matters that have yet to be resolved. For instance, is the focus to be enterprise or industry? What should be the balance between general and vocational education? Should training be generic or specific or both? How do we plan for the 'long haul' rather than merely for tomorrow? How well are the needs of workers in the labour force met in relation to the training provided for youth?

While the resolution of such issues will not be easy, the Australian training system cannot continue to leave such fundamental issues substantially unaddressed if it is to meet its future challenges.

CONCLUSION

Training reform is a key variable in the future of Australia's economic development. With the impending impact of the activities of APEC and the need to continue to meet competition on existing world markets, Australia needs to effect a rapid change in its training system if it is to succeed. While the existing National Training Reform Agenda and its recent revision are founded on the intention to render Australia a highly skilled labour force in the years ahead, there remain significant obstacles that stand between the system and this goal. Whether or not we overcome these obstacles successfully, one thing is for certain, without ongoing rapid and effective change in the Australian training system, we will not be able to keep pace with our Asian competitors. The direction is clear. The choice and challenge are ours.

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5. DEVOLVING RESPONSIBILITY FOR TRAINING: THE CASE OF THE APPRENTICESHIP SYSTEM

Richard Curtain

The major challenge for the Training Reform Agenda of the Commonwealth Government to work is to have the people to whom it is addressed claim ownership of the means and ends of the agenda. This involves giving the demand side of the training market much greater capacity to influence how resources are allocated as well as a greater say in how the overall framework should work. It is significant that of the six national goals for vocational education and training in Australia, the objective to improve the training system to meet the current and future needs of industry is only ranked fourth, behind the objectives which emphasise the system needs of efficiency, collaboration, improved quality and the needs of individual users.

The training system can only become more client focussed when more incentives are provided to enable the users of the system to choose the most efficient or suitable training provider. A degree of regulation and coordination of the training market is needed to maximise the benefits that accrue from a marshalling of resources. This, however, should be oriented to maximising the involvement of those participants - the employers - who are crucial to the successful use of the products of the training providers. Unless employers and their representative associations are given a prime position in the operation of the training market, the Training Reform Agenda is likely to fail for want of a strong sense of commitment by employers as central stakeholders. Industry needs first to accept the need to train its workforce to world best practice standards, and then to take the initiative to shape the training market and its regulatory framework to achieve those standards.

A Department of Employment, Education & Training discussion paper on the "Administration and Delivery Framework of the Australian Vocational Certificate Training System", released in August 1993, recommends that "recognising the potential diversity of work-based training arrangements, the importance of industry participation and the need for responsiveness to local conditions, a more collaborative approach to the management of Training Agreements should be developed with industry" (DEET 1993: 24). The paper then recommends that the States/Territories, while retaining responsibility for the effective administration of Training Agreements, should explore the scope for increased industry involvement through the selective devolution of administration to "management agencies". The paper suggests that management agencies might include:

- Industrial enterprises (which possess adequate training and administrative infrastructure);
- group training companies (subject to development of their capacity in this area);

- Industry bodies (such as industry training advisory bodies);
- government agencies.

The following discussion of the need and means of devolving responsibility for entry level training to agencies closer to the workplace is based on the extensive consultations held in late July and during August, 1993 before the discussion paper was released (see Curtain 1993). The consultations revealed strong dissatisfaction with the Traineeship model of the "top-down, bureaucratically-driven implementation process and overly rigid administrative controls. With few exceptions, there was widespread support for a more localised form of implementing entry level training arrangements. There was some enthusiasm from several large employer associations about taking on the role themselves and support in principle from the peak employer bodies. Support for a more devolved system of managing entry level training also came from union officials interviewed, although some reservations were expressed about whether employer associations would be appropriate. There was also concern expressed about the need for institutional safeguards in a devolved system.

It is proposed that the agency with the closest links with a broad range of employers is obviously best placed to fulfil this role. It may not be possible or desirable to identify one agency in a particular industry or region as the most suitable vehicle for any one industry or occupation. It is preferable where possible for employers to have a choice from a small number of agencies. There are several agencies that could take on the role of administering and monitoring entry-level training arrangements as well as, in the first instance, helping to resolve any disputes that might arise. Each has their own strengths and limitations.

The suggested criteria for agency selection are:

- *strong credibility with employers;*
- *ability to act as a training broker;*
- *close ties with a local community.*

The major criteria for selection of an agency should be its credibility with employers and ability to liaise with them to attract support for the maintenance and expansion of entry-level training arrangements. The key function the agency has to play is that of training broker. The criterion of close ties to a local community is aimed at tapping into a sense of community obligation that is an essential element in the employer's motivation for taking on a trainee.

The prime candidates for the agency role are:

- *Industry Training Advisory Bodies;*
- *Group Training Schemes;*
- *TAFE colleges;*

- *Employer Associations;*
- *Enterprises;*
- *Unions.*

THE INDUSTRY TRAINING ADVISORY BODIES

The Industry Training Advisory Bodies are tripartite, separately incorporated entities that are would appear on the surface to be highly appropriate vehicles for administering and monitoring the training contract of apprentices and trainees. Their major shortcoming, however, is that they are seen by many employers as merely an arm of government. This appears to stem from the fact that virtually all funding derives from state and federal governments, and most of their work is directed at responding to the requirements of the performance agreements and corporate plans negotiated with their primary funding sources.

This widespread impression of employers (and some union officials) of industry training advisory bodies following an agenda set by government is reinforced in the eyes of many by the fact that the executive officers are often former public servants from the Department of Employment, Education and Training or the State Training Authorities. The prime function of industry training advisory bodies, especially under the new ANTA arrangements, is to provide advice to governments, state and federal, on the industry demand for training and policy related matters. This focus, reinforced by funding sources and personnel origins, makes it difficult for these bodies to draw on close links with employers to broaden the base of employment opportunities for work-based structured entry-level training to extend beyond the existing group of employers who have shown their willingness to participate.

The role of a training broker is needed to help employers identify and find solutions for any personnel or other business problem they might have. The single purpose policy and planning focus of industry training advisory bodies makes it difficult for small and medium size employers to see them as a multi-faceted source of advice to resolve personnel-related problems and to give objective advice on the best way to recruit suitable employees.

Group Training Schemes (GTS) are, on the surface, another obvious vehicle for managing a work-based training system. There are some constraints in practice, however, which may make GTS limited in their potential to take on a role which is wider and more extensive than how they operate now. Despite their existence for ten years, the number of apprentices and trainees working under the auspices of GTS has remained static or declined. This has been the case despite the financial incentives made available by federal and state governments.

The focus of scheme managers on the need to recruit the cream of prospective employees/trainees to maximise the chances of placement with an employee can conflict with the objective, often imposed as a condition of government funding, to take on young people

from disadvantaged backgrounds. These often opposing goals can make it difficult for schemes to expand the number of participants beyond a certain level.

The separately incorporated status that the government insists on as a condition for funding may also be a constraint on the ability of group training schemes to take on the wider role proposed here. Several group training arrangements have worked well when run directly by employer associations such as the Victorian Automobile Chamber of Commerce (VACC). Direct control by an employer association can offer access to a range of services and networks denied to a stand-alone Group Training Scheme.

Another limitation of GTS is the focus of some GTS on achieving employment outcomes at the expense of and concern with the quality of the training delivered. Group Training Schemes with this focus are unable to act as a training broker. Where the better run schemes make an effort to have a higher ratio of employers to apprentices/trainees to enable a wider choice in job rotation, this places a further operating constraint on how many participants any one area or industry can carry. Nevertheless, where GTS are operating successfully and are well accepted in the local community, they are clearly well placed to take on the role of administering and monitoring regulated training.

TAFE colleges particularly where they have a strong local reputation and are able to gain widespread employer support are another vehicle which administer a structured training program based on the workplace. One limitation is the fact that TAFE is still government with the resultant the lack of ownership by employers. This would be most likely overcome in a regional setting where the local sense of community and sense of mutual obligation on the part of employers is likely to be stronger.

The fourth option is to hand over responsibility for managing structured work-based training to *Employer Associations*. This would be consistent with the interest that a number of employer associations have in finding a new role for themselves as their industrial relations advocacy role diminishes in the face of the greater impact of enterprise bargaining.

Employer Associations would also be best placed to provide a service as a training broker because, in their members' eyes, they lack a conflict of interest in selling a particular solution to an employer's personnel problems. Gaining employer commitment to take on the considerable responsibility for acting as a trainer as well as an employer requires fostering a sense of community obligation. One way to do this is to draw on the goodwill that may exist in an employers association.

A distinction should be made between the broadly-based employer associations such as VECCI and the NSW Chamber of Commerce and more narrowly based industry associations. While the former may be keen to take on the role, the latter may be reluctant because of concerns over resources to carry out the function. Transition funding may be necessary while employer associations develop their own assessment and monitoring arrangements. Employer associations in themselves may not necessarily be suitable. A large association may be too broadly-based to have close links with a local community. On the other hand, an industry

association may be too narrowly focussed on pursuing a limited a range of objectives. Other local associations such as a Tourist Development Board may fit the criteria better.

An *Enterprise* may wish to take on the role of the agency organising regulated training if was, for example, at the centre of a network of its suppliers and/or customers or was a significant employer in a region with its own training facilities. Large employers in the past, particularly those in the public sector, have played a significant role in training young people through apprentices far beyond their immediate requirements as a service to the community. While this community service role has greatly diminished in recent years, there should be provision for enterprises to also take on the role of an agency if there is a consensus from community representatives that they meet the selection criteria.

Unions are another potential supervising agency. Several unions operate a skilled labour hire agency in the Hunter Valley and there is no reason why a similar body could not perform a similar role in relation to apprentices and trainees. The unions are most likely to be successful in performing this function where there is a strong community acceptance of their role as honest brokers in the labour market. This is more likely to be in depressed labour markets in regions with little prospect of an improvement in the local economy.

SELECTION OF THE SUPERVISING AGENCIES

It will be necessary to set up a vetting process to select the agency or agencies with the strongest support among employers and the local community to be given the authority to administer regulated training. The function with government funding could be opened to public tender and an agency selected on the basis of the consensus of representatives of the local community. It is important that employers have a choice of agencies to carry out the function but to meet the above criteria the number of agencies in any one area should be limited to two or three.

Key functions

The key functions that need to be performed by the *management or supervising agencies* are:

- act as a broker to encourage employer participation;
- assessment of employers seeking "approved employer" status;
- audit of on-the-job training facilities and supervision;
- administer subsidies available to employers including special assistance for trainees from disadvantaged groups;
- administer paperwork associated with the signing and registering the training contract;

- mediate in the first instance in any dispute regarding the contract of training. It may be necessary for an independent mediator to be appointed if the supervising agency is closely associated with an employer association or union;
- arrange transfer to another employer if the original employer wishes to withdraw from the contract because of work shortage or other changed circumstances;
- coordinate assessment arrangements and validate the results;
- monitor progress of trainees and act as a mentor for trainees;
- liaise between employer and trainee to maximise the outcomes for both parties.

Other key functions more appropriately left to the *State Training Authority* would be:

- hear disputes in relation to the training contract that cannot be resolved through the services of a mediator working in conjunction with the supervising agency;
- investigate and report on alleged breaches of the state/territory training legislation;
- evaluate the effectiveness of procedures for ensuring quality and the need for standard practice where necessary.

Safeguarding standards through industry training advisory bodies

An important question is what role is there for the union movement in this process of delegation of responsibility away from a state training authority. The centralised process often included union representation but only at the peak level, with most aspects of the administration and responsibility for the maintenance of standards handled by government officers or TAFE.

The role of the union movement in a decentralised system of administering regulated training would be through the industry training advisory bodies as the body charged with setting and reviewing standards and maintaining quality through an agreed assessment process. This is the properly constituted role of the tripartite industry training advisory bodies.

There would need to be a close working relationship between the industry training advisory bodies and the agencies chosen to administer the training arrangements to ensure the training meets the industry standards and assessment procedures are appropriate and consistently applied.

CONCLUSION

The most effective way of gaining commitment to industry-level training arrangements is to make an agency with close links to the workplace responsible for delivery. This can only work

well if the parties to the industry arrangements have agreed to the objectives and mechanisms for its operation. The alternative reliance on centralised administrative controls and delivery mechanisms is only likely to produce a strong negative reaction from the end users of the training system, the employer.

ACIRRT

The Australian Centre for Industrial Relations Research and Teaching (ACIRRT) at the University of Sydney was established as a Key Centre of Teaching and Research in 1989 through a grant from the Commonwealth Department of Employment, Education and Training. The Centre is closely linked with the University's Department of Industrial Relations, which has a long and distinguished history of teaching and research in this area.

ACIRRT's main brief is to improve the quality of industrial relations teaching and research in Australia. This goal will be pursued through a range of activities including a national review of industrial relations teaching, conferences and seminars, research projects conducted by members of ACIRRT and scholars from other institutions, secondments of staff, and publications.

The present Working Paper Series is designed to disseminate ideas and research-in-progress which are still in preliminary form.