



MONASH UNIVERSITY – ACER

CENTRE FOR THE ECONOMICS OF EDUCATION AND TRAINING

8th National Conference

The Policy Context for Education & Training

29 October 2004

Ascot House, Melbourne

The Post Election Policy Context for VET

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I had intended to start my speech today by highlighting the fact that there has never been a federal election campaign in which the issue of technical and vocational education has received such prominence as the recent Federal campaign, with the Prime Minister stating that his technical schools initiative was his most significant election initiative and the leader of the opposition spending his final campaign day in a TAFE College.

I was going to argue that this should provide a powerful platform from which the VET sector could extend this recognition beyond the immediate issue of skills shortages, to focus on the broader agenda of building the skills and capability of the Australian workforce.

I was going to foreshadow the likelihood of a more strongly interventionist role by the Commonwealth in VET funding and the implications of this for the ANTA Agreement. In fact I was going to indicate that at some stage I thought that it was likely that the Commonwealth would re-assume responsibility for the administration of its share of VET funding, and that ANTA's future lay in the oversight and stewardship of the quality assurance of the national VET system, I view I have held for some time.

So like most others involved in the Vocational Education and Training System I was surprised and shocked at the decision by the Federal Government last week to abolish the Australian National Training Authority. As someone who was closely involved in the formation ANTA, as a General Manager of ANTA when the key elements of the national training system were put in place, the decision obviously brings strong personal feelings. In particular I feel strongly for the ANTA staff.

However, with the differing political complexion between the Commonwealth and State Governments and the difficulty associated with negotiating the ANTA agreement in its last two iterations, the decision is less surprising than it seemed a week ago.

As I said, it has been my view since the review of the first ANTA agreement that at some point the Commonwealth would resume its direct responsibility for the administration of Commonwealth funding for vocational education and training. But I had thought that ANTA's central role in the oversight of the Australian Quality Training Framework would be retained, ensuring that this function was undertaken by an independent body led by industry with government involvement.

Given the significance of the decision to abolish ANTA, I thought that today I should now highlight some of the implications of that decision for VET funding and policy, and also identify some key issues that will need to be resolved between the Commonwealth and the states on the future of the national training system.

These are:

- The level and nature of future Commonwealth/State funding arrangements for VET;
- Arrangements for the stewardship of the Australian Quality Training Framework, and specifically national VET standards and qualifications and the registration and recognition of VET providers;
- Industry involvement in VET policy, priority and standard setting.

VET Funding

The initial ANTA agreement was very much a product of its time. It was an embodiment of the concept of New Federalism and a compromise following the rejection by the States of a proposal by the Keating Labor Government to take full responsibility for TAFE funding. The ANTA agreement was a device for the distribution of significant Commonwealth growth funding to the States, with ANTA having a central role in 'policing' the terms of the Agreement.

However the ANTA agreement was always inherently unstable. It did not resolve the fundamental responsibility for resourcing vocational education and training. It was also highly unusual to have Commonwealth funding not only subject to the advice of an independent board but to the decisions of a Commonwealth/State ministerial council upon which the States have a majority. And the administration of a complex inter-governmental funding agreement never sat comfortably with an industry based board.

I believe that it is quite possible to argue that after its initial phase the ANTA agreement may have hindered rather than aided the case for growth in VET resourcing, because the states tended to focus on meeting the minimum terms of the agreement and with GST revenue flowing to the states, the Commonwealth has not seen growth funding in VET through the ANTA Agreement as a core responsibility.

All the indications are that additional Commonwealth funding for VET announced by the coalition during the election is to be allocated directly by the Commonwealth, rather than through the ANTA arrangements. The level of growth funding through ANTA promised by the ALP was less than a third of that provided by the Commonwealth annually under the first ANTA agreement and only one fifth of the \$100 million provided by the Commonwealth in 1993.

The resumption by the Commonwealth of direct responsibility for VET funding may in the long run help to break the impasse which has developed in the current and past two re-negotiations of the ANTA agreement, and also avoid the potential for some Commonwealth VET funding to be allocated through DEST and some through the ANTA arrangements.

However, the way in which the Commonwealth allocates its funding will have a critical bearing on VET planning and provision at a State and Territory level, and on individual providers particularly TAFE institutions. For example, the state VET plans, which govern the distribution of the pool of Commonwealth and state funding within each jurisdiction, are very much driven by state priorities and state planning processes. Over the life of the ANTA Agreement and even before, Commonwealth has not sought to intervene at any level of detail in this planning process, rather it has emphasised broad system priorities and implementation of specific policies such as New Apprenticeship and User Choice.

While this practice may continue at least in the short-term, in the medium to longer term, I believe that it is quite likely that the Commonwealth will seek to strongly influence specific VET outcomes in areas such as skills shortages and the needs of particular industries through bilateral agreement between the Commonwealth and the states and territories. There is further speculation that the Commonwealth may even directly fund VET providers, with the Government clearly signaling that it is prepared to bypass the states to pursue some of its recent policy proposals such as the Australian Technical Colleges.

As Commonwealth funding forms almost one third of the recurrent funding base in each State and Territory, with the vast majority flowing to TAFE institutions, major shifts in funding priorities or the direct entry by the Commonwealth as a purchaser has significant implications for VET planning and resourcing at a state, territory and institutional level.

With all of its imperfections I believe that the current VET planning and resource allocation process at a state and territory level should continue to be the primary vehicle for the distribution of public VET funding to both public and private providers.

I equally believe that the Commonwealth has legitimate interests in how Commonwealth funding is allocated, and that the states and territories should be prepared to directly involve the Commonwealth in the planning and resource allocation process through both multi lateral and bilateral discussions. For too long the Commonwealth has been a silent funding partner in VET, and the extent to which it is able to pursue its policy objectives through funding agreements with the states will determine the extent to which the Commonwealth feels it necessary to directly allocate VET funding outside of bilateral agreements with the states and territories.

However new administrative arrangements do not address the need or provide the basis for an ongoing and sustainable resourcing base for VET. The fact is that public and private investment in VET has fallen relative to higher education in recent years and

considerably relative to public investment in schools. It is likely to decline even further if current trends continue.

It will be a major distraction if we focus on *the mechanisms* for resourcing VET, rather than the *total level* of public and private investment in VET to support its mission to build the skills, capabilities and participation levels in the Australian labour force.

The National Training System

The original ANTA agreement made little reference to the then emerging National Training Framework and it was only after a review of the implementation of training reform undertaken for ANTA by Dr Vince Fitzgerald that the functions performed by National Training Board (NTB) in developing and recommending national competency standards and ACTRAC (the national VET curriculum agency) came within ANTA's responsibility.

However the arrangements for ANTA assuming those responsibilities were very carefully and painstakingly negotiated to reflect the interests of the states, the Commonwealth and industry. Most of the principles and protocols reflected those that applied to the NTB, in particular the process for developing and endorsing national competency standards.

What is far from clear in the decision announced by the Prime Minister last week is the future arrangements for ANTA's current role through the National Training Quality Council in the oversight of the quality assurance of the national training system. Those functions - which bear directly on the core responsibilities of the states - cannot simply be transferred to the Commonwealth, nor can the functions of the National Training Quality Council be adequately assumed by some form of officials' working party or some other informal arrangement.

On the contrary, there is a powerful case to formalize and strengthen national arrangements for RTO registration and audit and for the quality assurance of National Training Packages through an independent body with both government and industry membership. This is the same logic that led to the establishment of the NTB and the same principle behind the formation of the Australian Universities Quality Assurance Agency. It will be a real irony if such a body exists for the oversight of quality assurance in higher education, but not in VET, given that it is the VET sector that operates on the basis of national standards and qualifications and mutual recognition of training providers.

It is essential this function be undertaken by an independent and authoritative agency which reflects the states' primary responsibilities in the area, the Commonwealth's legitimate interests and the role of industry: the Commonwealth and the States should make an enduring commitment to the principles and key elements of the national training system—mutual recognition of providers based on national standards for registration, national standards and qualifications—and to the mechanisms for the oversight and operation of the framework.

Industry Leadership

The other key element of the ANTA arrangements was the commitment by government to industry leadership through the ANTA Board, with the states and territories also agreeing to establish State Training Authorities to mirror the functions of ANTA at a state and territory level.

While many people in VET, particularly in TAFE have been uncomfortable with the principle of industry leadership, the fact is that VET has been most effectively recognised and resourced when the major industry parties and business leaders have been directly involved in shaping the directions and outcomes of the VET system.

My understanding is that the decision to abolish ANTA reflects similar decisions by the Commonwealth government in relation to other independent statutory authorities, and a view that their functions should be undertaken by government departments with direct accountability to ministers.

However, despite the tensions involved, it seemed to me that the governance of VET at a national and state level involved a unique blend of industry, departmental and ministerial leadership and decision making, which when exercised effectively, compensated for the lack of external recognition and support enjoyed by schools and higher education.

Again it will be an irony if there are ongoing arrangements for industry leadership in VET at a state, but not at a national level, at a time when the national VET system is maturing and when the imperative to build the skills, capability and productivity of the Australian workforce has finally been recognised as a central economic issue.

Conclusion

The two primary functions of ANTA—its funding role and its oversight of the AQTF—need to be seen as distinct roles. The first faded in importance as growth funding ceased and was not sustainable in the longer term. The second has grown in importance and the case to strengthen its role was, and is, unarguable if there is to be consistency, integrity and confidence in the quality of VET outcomes.

These issues will have to be fully re-assessed in the wash up following the decision to abolish ANTA as there was a clear rationale for the powers and functions that were assigned to ANTA, and through ANTA, an attempt to balance the interests of both levels of government and industry in shaping the nature and outcomes of the national VET system over the past decade and a half.