STRENGTHENING SKILLS FORMATION IN AUSTRALIA:
LESSONS FROM GERMANY?

Report of a Policy Briefing conducted by the European Union Centre at RMIT University
July 2010

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PREFACE

The European Union Centre at RMIT was established in 2010 to support various academic, outreach and mobility initiatives. One such initiative is offering senior government, business and union leaders the opportunity to engage in discussions about key policy issues facing Australia, drawing on European Union experience.

The first of these Policy Briefings was conducted in July 2010 on the topic: ‘Strengthening Skills Formation In Australia: Lessons From Germany?’. The intention of the Policy Briefing is to bring together stakeholders with diverse perspectives with the aim of identifying a focus for innovative policy development.

The Report presents the key learning from this Policy Briefing in the Executive Summary. The following sections include a statement of the background to the topic, the lead presentations and an overview of the discussion which occurred in the plenary session.

We are very grateful to the two lead presenters, Thomas Kaulisch, Counsellor for labour market, health and social affairs at the German Embassy in Canberra, and Richard Sweet, Director of the Sweet Group and a Professorial Fellow of the Centre for Post-compulsory Education and Lifelong Learning at the University of Melbourne. Dr Andrew Scott, Senior Lecturer in the School of Global Studies, Social Science and Planning at RMIT, was instrumental in the organisation of the Briefing and was its Facilitator. Our final thanks are to all the participants in the Forum; they are listed subsequently in this Report. All made helpful contributions to the discussion.

The European Union Centre at RMIT is one of twenty-six such centres around the world funded by the External Relations Directorate of the European Commission to promote better understanding of the European Union and to facilitate key partnerships. We are very grateful to the European Commission in Brussels and the European Union Delegation in Canberra for their ongoing support.

Professor Bruce Wilson
Director
European Union Centre at RMIT University
October 2010
STRENGTHENING SKILLS FORMATION IN AUSTRALIA: LESSONS FROM GERMANY?

EXECUTIVE SUMMARY

The European Union (EU) has placed considerable importance on developing a coherent framework for education and training throughout the Member States. One influential EU Member State which has long valued a wide range of vocational skills is Germany. Its quality training system has previously attracted the interest of educationalists in Australia.

This Policy Briefing forum brought together representatives of diverse stakeholders to explore possible learning from Germany for Australian skills formation policies. The key policy implications which emerged from the plenary discussion were:

- In drawing any lessons from Germany, policy makers need to be very conscious of the fact that German skills formation takes place within a distinctive set of values and educational structures. The relationship between banks and firms encourages long-term investment; tripartism means that government, unions and employers’ federations jointly define vocations and jointly administer some aspects of training; and wages for apprentices as well as skilled workers are set sector-wide by collective bargaining.

- Many young people in Australia do not view vocational training with esteem and therefore do not consider a full range of occupational options according to their actual suitability and benefits. Government action is important to encourage industry and unions to work together to encourage young people to see technical jobs as desirable.

- In Australia the status of vocational programs, and the jobs to which they lead, is currently less than they deserve. The secondary school environment has a significant role to play in:
  - broadening student aspirations;
  - becoming more sensitive and responsive to diverse types of students (enhancing retention);
  - providing more VET in schools programs and improving their quality and standing;
  - developing greater commitment to senior secondary colleges, encouraging greater student choice and adult learning principles.

These three contributions are mutually reinforcing.

- Governance arrangements engaged with employers and trade unions, supported by government, should impose greater coherence and coordination of schools, TAFE and universities in identifying their respective contributions to the overall skills formation system.

Across business, unions, government and academia there is a desire now to see vocational skills training programs in Australia further strengthened in scope and quality. Closer study of Europe, along the lines of, and taking into account the considerable complexities in comparison, can assist in meeting the national Government’s objectives to increase the number of Australians with qualifications and to create a clearer pathway for trade careers equal in quality, value and rigour to traditional academic pursuits.
BACKGROUND

Dr Andrew Scott
Global Studies, Social Science and Planning, RMIT University

The European Union Context

The European Union (EU) has placed considerable importance on developing a coherent framework for education and training throughout the Member States. In 2008, the European qualifications framework was launched, and in 2009, a European system for credit recognition of vocational education and training qualifications was introduced. The New Skills for New Jobs initiatives emphasise the need for more effective education and training policies, and comprehensive assessment of future skills and labour market needs, in partnership with Member States, companies and other stakeholders.¹

Hence, the key emphases in the European Union are on meeting the demand for skills for regional economic and employment development, and establishing an EU-wide framework for an educational system. This would include vocational education and training that facilitates both national and EU economic and social objectives. The European Commission itself has focused on cooperation with Member States and European stakeholders on improving policies, sharing expertise, and implementing funding programs.

Skills Formation in Germany

One of the influential EU Member States which has long valued a wide range of vocational skills is Germany. The strong, quality training system in Germany and the ability of vocationally trained individuals in Germany and Denmark to adapt to a variety of skilled occupations along a secure career path, is a policy achievement which has previously attracted the interest of educationalists in Australia and other English-speaking nations.

The German vocational and training system is based on a segmented approach in which one cohort is streamed for university participation while the majority of students enter a dual system in which school-based general and vocational learning is complemented by practical experience in workplace settings. While there has been some concern recently that the system is no longer as effective as it once was, it is underpinned by a broad societal consensus about its value.

Germany’s influence has been based on the significance of its skills formation system for its economic performance. By comparing educational outcomes more broadly than just universities, British economist Will Hutton has highlighted that:

in Germany…80 per cent of school-leavers go on to receive either vocational training or a degree, and all except 1 per cent receive formal post-secondary

education or training, [whereas] in the US 46 per cent of school-leavers gain no certificate or degree...and an extraordinary 31 per cent receive no formal training or education after school.²

Moreover, he points out:

German workers have high levels of education and training...and the training system is integrated into the educational system, so that students move seamlessly from schools into training colleges or company based apprenticeship systems. Sixty per cent of German teenagers are engaged in some form of vocational training, which carries little of the social stigma it still bears in Britain, where it is seen as a second-class option for those unable to pursue formal academic qualifications.³

Following the December 2008 Bradley Review,⁴ the Federal Government's response to that Review in March 2009,⁵ and the continuing Victorian State Government skills reforms, these observations are now highly relevant to Australia's national debate.

Harold Meyerson, editor-at-large of The American Prospect, has also recently pointed out:

The focus on long-term performance over short-term gain is reinforced by Germany's stakeholder, rather than shareholder, model of capitalism...German companies are among the world's most competitive in their financial viability and the quality of their products.⁶

Drawing on inspiration from Germany, Meyerson's argument for bolstering industry has been made in the current Australian Labor Government by the Minister for Innovation, Industry, Science and Research Senator Kim Carr.

The Australian Policy Challenge

Australia has a much lower proportion of its workforce with qualifications, and has for some years experienced significant and chronic skills shortages, particularly in key areas of the economy where employment could grow. Over the past decade, Australian policy has tended to focus, deliberately or otherwise, on recruiting skilled workers from overseas rather than reframing the longer-term capacity of the vocational and education training system.

Recently however, the Council of Australian Governments has set a target of halving the proportion of 20–64 year olds without qualifications at Certificate III level by

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³ Ibid., p. 328.
⁶ Harold Meyerson, “Deal-making does not make for prosperity: Europe is showing the way to a better, fairer capitalist system”, The Age, 16 March, 2009. Emphasis added.
Reaching this target would take Australia much closer to Germany’s achievements and strength in this respect.

The Australian Government announced on 5 March 2009 that TAFE colleges will be subject to national regulations and quality standards under an overhaul designed to provide the skills needed for economic recovery. It will be easier for students to move between training and higher education, encourage universities and TAFE colleges to share facilities and co-ordinate courses, and demand greater transparency in areas such as retention, exit standards and graduate outcomes. The Government will also consider extending demand-driven funding to TAFEs, similar to the scheme it will introduce for universities from 2011. Victoria has led the way in Australia through its Skills Reform, under which there is the progressive removal of limits on government-supported training places. While fees have increased, students can defer their payment through HECS-style loans.

The Australian Government’s May 2010 Budget Ministerial Statement Skills and Infrastructure – Building a Stronger and Fairer Australia announced the following:

Skills for recovery $299.5 million

…strategies that will equip Australia to respond swiftly and decisively to the emerging skill shortages in the economy, including a major training fund to be established in partnership with industry, an extension to the successful Apprentice Kickstart program and a more flexible competency-based apprenticeship system. It will mean more apprenticeships in industries where they are most needed.

Foundation skills package $119.2 million

The Government is determined to tackle the language, literacy and numeracy deficits that have been identified as affecting the future employment and earning prospects of more than 4.5 million working-age Australians. The Government’s four-year additional investment combined with existing support will assist 140,000 Australians to build skills that will enable them to complete further training, secure employment and progress to higher skilled jobs. More Australians will become ready for work and learning.

A training system for the future $242.5 million

Renewing and lifting the quality of vocational education will better serve the needs of industry and students. We will offer support to deliver better access to higher level skills and entrench a broad entitlement to training for young Australians and for others to up-skill or re-skill and to strengthen their foundation skills. We will offer an incentive to the vocational education sector to boost the quality of training and be transparent about teaching and learning outcomes.

In summary,…investment is expected to deliver:

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7 See Bradley et al, p. 19.
• up to 39,000 additional training places, co-funded with industry, in resources and related sectors facing high skills demands during the recovery

• greater incentives to benefit 22,500 immediate apprenticeship commencements and more timely completion of apprenticeships

• a guaranteed entitlement to a training place for all Australians under the age of 25 and in the future, a broad entitlement for foundation skills training for older Australians to up-skill or re-skill

• a strong incentive to boost the quality and performance of the nation’s leading training providers and improve the transparency of the training sector

• enhancements to language, literacy and numeracy services so that 140,000 Australians over four years will receive high-quality teaching and assistance from Commonwealth programs.\(^8\)

However, a leading educational thinker Ken Robinson, in a recent visit to Australia noted that:

our education systems at the moment are still very focused on a certain type of ability, and the result is that very many brilliant people are marginalised by the whole process. People achieve their best when they firstly tune into their natural aptitudes…[and] the second thing is that they love it… if you can [just] find that…talent and…passion [yet] our current education systems are simply not designed to help people do that. In fact an awful lot of people go through education and never discover anything they're good at at all... You can't achieve educational improvement for everybody with a standard template.\(^9\)

He went on to say that

the problem is…very often…pushing…kids in the wrong direction, pushing them against the grain of their talent…because the assumption is we've got to keep them at the program, they've got to do conventional academic work, they've got to go to a good university, they've got to do a law degree….But the truth is, people's lives…develop much more organically…[fulfilled and successful] people have got to where they have got by following their particular talents and interests and passions.

This has become a topic of considerable media interest. In her article “Trades face 'class' divide”, Caroline Milburn in *The Age* newspaper of 2 March 2009 wrote that:

Middle-class teenagers will continue to shun trades and other industry-based courses unless Australia radically alters how it provides such education, according to one of Australia’s leading job-training educators. About 14 per cent of senior secondary students are doing mainly industry-based training as

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their final-year certificate. The vocational subjects offer training and apprenticeships in a wide range of industries, including hospitality, agriculture, food processing, community services, retail, automotive, business and information technology…

Dr [Stephen] Lamb reviewed the cost and delivery of VET courses for the State Government last year [2008]. He says the Federal Government's decision to introduce a national curriculum provides a chance to reform the way vocational education is delivered because the program is based on national training modules. Student performance is also likely to benefit. Dr Lamb's research shows that VET systems organised as separate, occupationally structured programs where students choose a whole course of study rather than a set of subject or unit options, had higher standards of learning and achievement, based on students test results from PISA, the OECD's Program for International Student Assessment.

There has long been concern that Australia needs to learn from overseas and better reinvest in, and support, a wider variety of post-secondary pathways. Richard Sweet for example has argued that:

Australia is unique among OECD countries in continuing to locate upper secondary education within the same institutions that lower secondary education is found in. Elsewhere there is a clear divide between lower and upper secondary education. This divide recognises that adolescents aged 15, 16 or 17 have different needs from 11 year-olds and should be treated differently. They need a more adult learning environment, not one based upon the discipline demands of 12-year-olds.  

The magnitude of the challenge facing the national government in Australia was outlined by Farrah Tomazin, 'Crunch dents youth job prospects', The Age, 7 October, 2009 in which she reported that:

... young people have been the hardest hit by the global crunch, with experts raising serious doubts about the ability of the Federal Government to meet its goal of lifting year 12 retention rates to 90 per cent by 2015. The [new] report, How Young People are Faring, found that work prospects for young people deteriorated significantly over the past year, with unemployment among 15 to 19-year-olds rising from 12.2 per cent to 18.5 per cent, one of the largest annual increases for teenagers in 20 years.

The number of people getting into apprenticeships or traineeships has also declined, and more than one-third of school leavers are either unemployed or only able to find part-time work…. Dr Lucas Walsh, research director at the Foundation for Young Australians, said the report confirmed that the effects of the economic downturn were disproportionately felt by young people, who now had fewer

opportunities after more than a decade of economic growth. According to the research:

- 16 per cent of teenagers aged 15-19 are not fully engaged in work or study.
- The percentage of teenagers neither learning nor earning has risen sharply since last year, reversing the previous downward trend.
- The trend of teenagers taking on apprenticeships or traineeships has halted, after a decade of annual increases.
- Young adult males (20 to 24-year-olds) are more likely to be unemployed, while females in this age group are more likely to be in part-time work.
- The number of students completing high school in Australia reached 80 per cent in 2006 – just above the OECD average of 78 per cent, but lower than several other developed countries whose attainment rates are above 90 per cent.
- The findings present a challenge for...Government[s], which ha[ve]...vowed to lift year 12 retention rates and improve the transition from school and university and further training.

By contrast, Richard Sweet believes that TAFE is not the answer... I do not believe that the answer lies in trying to beef up TAFE as we know it. Most young people aged 16–17 who choose to leave school and go to TAFE are given, other than through its apprenticeship streams, courses that offer very low-level qualifications of the sort that result in few labour market returns, and the drop-out rates from these seem to be very high indeed.

So how then might we evaluate the current Australian Government proposals as outlined earlier in the Budget? At the time, The Age newspaper reported relevant reactions as follows:

from Group Training Australia: “The Budget provides a very welcome and valuable contribution to sustaining jobs for young people at a critical stage in the economic recovery. “The focus on new training places is a sensible measure that will help ease the blight of youth unemployment, and direct skills at areas of industry need as we emerge from the economic downturn”.11

from TAFE Directors Australia: “The special allocation to encourage quality teaching I think will be valued. The second exciting measure is the special fund for the resources and mining industry for skills. There have been massive skill shortages in that area and the sooner we get special allocations for resources and mining training, particularly in traditional trades, the better”.12

11 Comments by Jim Barron, Chief Executive; reported in The Age, 12 May, 2010.
12 Comments by Martin Riordan, ibid.
from the Business Council of Australia: “This Budget sees a sooner-than-expected return to surplus and the government meeting its own fiscal rules, but it introduces a huge question mark over future growth. Our future growth will be critically dependent on high commodity prices and a strong business investment response. It is a high-stakes game. If the resource boom was to falter or be killed off, the budget would collapse in a heap”.  

from the Australian Industry Group: "This…Budget, while appropriately cautious, lays out a credible strategy for rebuilding the nation's balance sheet and ensures that fiscal policy does its share of the heavy lifting in easing pressure on inflation and monetary policy…the strategy on skills is very positive and when combined with the health initiatives will bring widespread benefits".  

Questions for Consideration

The central question for this Policy Briefing forum is how aspects of the approach and achievements of Germany, and of some other Member States of the EU, might assist Australia in its quest to strengthen skills formation. This might include questions such as:

- What are the benefits and risks associated with Germany’s students moving into various pathways, including their dual approach?
- What do Australian stakeholders see as the critical issues to be addressed in resolving Australia’s skills shortages?
- To what extent will institutional restructuring address the issues faced in Australia?
- What can Australia learn from European efforts to achieve greater coherence and relevance in vocational education and training arrangements, for both economic and social purposes?

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13 Comments by Katie Lahey, Chief Executive, ibid.
14 Comments by Heather Ridout, Chief Executive, ibid.
I would like to focus on four aspects: demographic developments, the challenges to the labour market, the VET system and the political answers given in Germany.

The demographic data shows: Germany’s population is decreasing since 2002. The most likely scenario for population development in Germany as laid out by the Federal Bureau of Statistics last November predicts a population of just 70 million in 50 years, down 12 million, or 15 per cent.

So Germany faces a completely different challenge than Australia, where the discussion focuses on whether a predicted population growth of 65 per cent over the next 40 years will lead to a ’Big Australia’.

Back to Germany: What are the factors leading to that development?

First: The birth rate in Germany is very low, just 1.4 children per woman. That means – would all other factors remain stable – that in every generation one third is missing with 2.1 children being the sustainability rate. One third of a generation not born today won’t have children in the next generation. So the effect perpetuates itself. The last year in which the sustainability rate was reached in the former West Germany was 1969.

Second: People get older. That is individually good news, but it has significant consequences especially for the social security systems and the labour market.

The third factor is migration. The demographic data I have quoted assumes that each year the migration balance will amount to plus 200,000 people. This number is the long-term average, but has not been reached since 2003. Thus, it is unrealistic to assume immigration could compensate for the missing third of every generation. There are limits to the number of immigrants a society is able to integrate and willing to accept. In Germany, 16 million people now have a migratory background, that is almost one fifth of the whole population.

The demographic data forces us to prepare for shrinking numbers and an ageing population. We have to adapt to that development in many ways, for example with regard to consumption, aged care, infrastructure, housing, schools (in 15 years there will be almost 20 per cent fewer students). In some regions in Germany, the development will be more severe, especially in rural eastern areas. But the real challenge is not the sheer numbers but the evolving age structure: While in 2008 the cohorts of people under 20 years and aged 65 and above were about equally strong, those proportions will change radically: In 50 years, for every person under the age of 20 there will be two people over 65 (16 to 33 per cent). There will be almost as many people over 80 as under 20 (13 to 16 per cent).
Let us take a look at the workforce (aged 20 to under 65): In Germany the workforce will shrink from today 50 to just 36 million over the next 50 years, down by almost 30 per cent. Most of this effect will take place in the next 20 years. This results in an acute risk of shortages of skilled labour.

The issue of skills shortage is not new. Some areas have been at risk of or experiencing skills shortages for some years. The political debate in Germany started in the 1980s and erupted for the first time in the year 2000 during the boom of the ICT sector. The employers’ federations claimed 75,000 vacant jobs and lobbied for an easing of immigration regulations. The union side referred to more than 30,000 jobless persons with ICT qualifications in Germany who would have to be hired first. In the end, the government put this dispute to a reality test and allowed up to 20,000 ICT specialists from abroad to come to Germany under the so-called “Green Card” scheme. After about half a year the ‘dot-com bubble’ ruptured and the number of vacancies dwindled. All in all, about 17,000 ICT specialists came to Germany under that scheme.

As far as reliable data goes, the situation has not improved much since. The EU just started to invest in attaining better data. But nobody actually has conclusive skills shortage figures for specific branches. The indicators used – for example number of vacancies; duration of vacancies; surveys with employers – only vaguely describe the situation, which is quite different with regard to branch, region and company size. For example large companies in Bavaria have better chances to attract skilled workers than a small to medium sized company in rural parts of Mecklenburg in eastern Germany. Here we talk about wage levels, infrastructure and training facilities.

In the competition for talent, which is becoming more and more international, smaller companies will have to undertake special efforts to attract and keep their employees: The debate in Germany includes the professionalisation of human resource management, personnel development, corporate identity, on-premises child care facilities, leadership skills and enhancing motivation.

Some groups in Germany, especially employers’ federations, keep calling on the government to ease immigration regulations regarding skilled workers. All industrialised countries hope to attract skilled workers from abroad. Germany had a quite restrictive immigration policy for the past 30 years, even in the skills stream. The rules were eased over the last couple of years. But there simply aren’t as many skilled workers migrating to satisfy labour market needs. That does not apply to Germany alone, other countries experience the same.

In Germany, there is one other aspect, which fundamentally influences the view on immigration: While in Australia the unemployment rates of foreign-born men and women are just slightly above the respective rates of native-borns, in Germany the rates of foreign-born people are almost double. That hints at considerable integration problems in some groups, especially in the so-called second and third generation migrant groups.

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15 OECD figures for 2008.
So, in a nutshell: In Germany immigration is not considered to be the solution – neither to its labour market demands nor to its demographic challenges.

What is the consequence? We have a labour market with a dramatically declining workforce. To maintain our high level of consumption and standard of living with less people producing goods and services, we will need substantial increases in productivity. The preconditions for future productivity growth are high qualification levels and even better educational outcomes.

So let us briefly look at the main features of the German system of vocational education and training.

Training is mainly conducted under the so-called dual system. This system has evolved over several centuries with the guilds establishing the first training regulations for in-company training in the Middle Ages. In the second half of the 19\textsuperscript{th} century, industrial training was introduced systematically. Commercial and trading occupations evolved around the year 1920. Attendance in vocational schools, the second pillar of the dual system, was made compulsory by the Industrial Code in 1869. Nowadays there are around 350 state-recognised training occupations.

The dual system aims at employability and education at the same time. Companies finance about two thirds of the more than €20 billion total training costs each year. The rest is funded by the Federal Employment Agency and the federal and state governments.

Around 60 per cent of school leavers from general education opt for a dual system apprenticeship each year. After completing their training, the majority then takes up employment as a skilled worker. Its relevance to practical work and its closeness to the labour market enable high transfer rates from vocational training to working life. More than 60 per cent of apprentices move on to regular employment after completing their training. The VET system gives young people medium- and long-term employability along with job and career prospects.

National training regulations ensure that the quality of VET is equally good in all companies, regions and schools. Companies benefit as all skilled workers have a standardized and generally recognized vocational qualification, regardless of where they have been trained. Secondly, general quality standards enable companies to recruit new employees from the labour market without having to scrutinize their skills and thus decrease recruitment costs. But – of course – this portability of skills is not bound to national borders.

Due at large to the dual system, youth unemployment rates (aged 15 to 24) in Germany are generally comparably low. The May figures\textsuperscript{16} show a percentage of 20.5 for the EU, 18.1 for the US and just 9.4 per cent for Germany. The respective OECD figure at the end of 2009 was 19 per cent.

\textsuperscript{16} From Eurostat.
But there are quite substantial challenges for the VET system in Germany. First: We have to improve the permeability between schools and the dual system. Second: Globalisation means rising requirements in the labour market. These requirements include so-called soft skills such as cultural competence, the ability to engage and interact effectively, consensus building and leadership skills. So we have to modernize the curricula and make the system more flexible. Third: Some groups of young people require more attention. Close to a quarter of a million unsuccessful applicants from previous years have yet to be trained so that they are not left behind permanently. The problem to enter the dual system is especially severe among young migrants.

In the more developed countries the quality of education and training will be decisive for future productivity, economic growth, welfare and social cohesion. The challenges are broadly acknowledged: In Toronto, the G20 leaders have welcomed the recommendations of the ILO Training Strategy, the European Union has just adopted the “EU 2020 strategy”, which again stresses the importance of education and training.

As Germany does not have substantial natural resources, the qualification of our workforce is our biggest economic asset. Thus, we have to tackle the described shortcomings in education and training outcomes.

The overarching political goal is to increase investments in education and research to 10 per cent of the GDP by 2015, which means to double the current share. The federal government has emphasized its commitment by exempting education and research from budgetary cuts in the austerity program just adopted.

The German government follows a strategy of activation and enablement. Political initiatives are designed especially to raise the employment participation rate of women and the so-called “50+” generation as well as to prepare young people to enter the labour market as skilled workers.

Since we are focusing on VET aspects, I will concentrate on the latter group. From research we know: If a young child enters first grade at the age of six without proper language proficiency he or she will have a very hard time to get a proper school leaver certificate. Without that: Almost no chance to get an apprenticeship contract. Without qualified training the chances to enter the labour market are slim and will decrease further in the coming years with unskilled jobs becoming less.

That is why Germany is investing in pre-school education. By increasing the supply of day care places to 35 per cent of all children under the age of three by 2013, we promote children and help parents to reconcile family and job duties more conveniently. Hand in hand goes an initiative to train 80,000 pre-school teachers and child care workers, thus creating new jobs. These facilities help to enhance language proficiency of small children, not only from migrant families. One big challenge is to get parents of children with language difficulties to actually send their children to pre-school facilities.

The federal and state governments have agreed to tackle the increasing numbers of school leavers without certificates. The goal is to halve the share from 8 to 4 per cent
by 2015. With regard to the new “EU 2020 strategy” goal of decreasing the share to below 10 per cent, Germany is doing quite well, but the challenge is to achieve a turnaround, as the figure has been rising slightly in the last couple of years. And again: Among young people with a migratory background the number of school leavers without a certificate is double the number of young Germans without a migratory background. Thus, we have to invest in equal chances for children from migrants. And that does not start “when school’s out”, to put it flippantly.

Schools collaborate with employment service agencies and companies to prepare students for the labour market starting in Year 7. Especially those students with learning difficulties will be supported by so-called “education pilots” to help them detect and develop their talents, tell them what is expected from them, as well as help to prepare for the challenges of the VET market.

Employers claim that a growing number of applicants – even with school leaver certificates – are not trainable with deficiencies in basic educational skills, such as calculating, reading and writing. In order to support students better and tackle that problem, Germany is building day care schools. That was one lesson from the first PISA results.

Young people entering the labour market today can no longer expect to stay in one company or even one occupation throughout their careers. That is one reason why continuing education and training to enhance employability and occupational mobility is one focus of labour market policy. The Federal Employment Agency spent almost € 9 billion last year, especially targeting unskilled and older workers. One instrument is a “training voucher” that can be presented to a course provider of his/her choice. In the last years, companies became more and more reluctant to lay off skilled workers. The social partners have agreed on flexible working time accounts that are build up in times of economic growth and can be reduced during a downturn. During the Global Financial Crisis, the federal government has facilitated the regulations under which companies can register short-time work at the Federal Employment Agency. One aim was to keep skilled workers in their jobs. 300,000 jobs were saved. Last year, € 5 billion were spent to subsidize short-time work, spent to keep jobs rather than financing unemployment.

And last but not least: As people get older and stay healthy longer, the span of the working life has to be longer. Starting in 2012, the pension age will be gradually raised to 67 years.

This decision entailed an intense political and societal debate, which has not ceased, although the decision was made more than four years ago. I learned that Australia has taken a similar step just recently, raising the pension age – which does not have the same significance as in Germany – to 67 starting in 2017. I have not heard anything about any upheavals. Maybe somebody could explain to me in the following discussion, how this was done so smoothly.
Bill Clinton was an unwary policy maker, tempted by the notion of apprenticeship when he was Governor of Arkansas in the early 1990s and said that: "It's important that every community in every state of this nation develop more school-to-work programs. The best alternative is to craft an American version of European apprenticeships, not necessarily just like the German system but one that blends vocational and academic education in high school, provides students a meaningful work experience and continues their training after graduation"\(^{17}\).

The German dual system was enormously influential as an underpinning of the *School to Work Act* that the Clinton administration introduced. It pumped roughly a billion dollars into the implementation of the Act, a large plank of which was to introduce youth apprenticeships in the States, and of course they got nowhere. That was largely because, although there had been a raft of study tours from the United States to Germany to have a look at the dual system during, in particular the 1980s, there was a failure to understand the extent to which both apprenticeship as an institution, but in particular the dual system, is fundamentally locked into the structure of German firms, the structure of the German wage system, the way in which employers are organised, are legally required to be organised, the way in which the trade union movement interacts with the employers and government; and fundamentally locked into the existence of institutions like workers' councils within firms which act as quality control agencies for the dual system.

The other thing that the Clinton administration really didn't understand is the way in which the German dual system is fundamentally locked into the whole nature and structure of the German education system, including its values, the screening and equity structure that's built into the education system, and the way in which the nature of the German dual system depends upon the existence of a particular type of higher education system in Germany. So what I am going to start off by talking about is Germany's higher education system.

The chart below uses an atypical measure of the size of tertiary education systems, and it's one that I particularly like, which shows the proportion of all people aged 15 and over who are participating in tertiary education.

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\(^{17}\) *Vocational Education Journal*, October 1991.
Total tertiary participation, persons aged 15+, 2001

So Source: OECD education database

This is 2001 data. Using this measure you find there that Germany had, in 2001, the smallest higher education system in the OECD, with only about three per cent of people aged 15 and over taking part in higher education, with a substantially larger proportion in Australia, and certainly compared to Korea, which is nearly three times the size, a quite small system.

In the next chart, you can have a look at the relative size of the tertiary education system in Germany in another way.

Tertiary qualifications by age, 2007

Source: OECD, Education at a Glance, 2009
This takes the latest data from the OECD and look at the distribution of tertiary qualifications by age. Here I have compared Germany and Australia, and compared both of them to the OECD average. If you look at the bottom of this chart, what you find is that the rate of tertiary qualifications in Germany is well, well below the average in the OECD whereas Australia is appreciably above. But the other thing that's notable about Germany is that in fact if you look at people 55 to 64 you find that at one point, perhaps 40 years ago, Germany's higher education system was delivering tertiary qualifications at a somewhat higher rate than the OECD average but it's been slipping further and further behind with each 10 year age cohort, largely because it hasn't grown whereas in the rest of the OECD higher education has been expanding quite rapidly.

Just let me note that I'm using the terms, higher education and tertiary, interchangeably to refer to qualifications at ISCED (International Standard Classification of Education) Levels Five and Six so that in the Australian context that would mean diplomas and degrees. And it includes both tertiary-type A programmes which are research-focused and that can potentially lead to postgraduate study and the professions, and the more vocationally oriented shorter tertiary courses, the tertiary-type B programmes.

The next chart, on the following page, shows the relative earnings in Australia and Germany if you get different types of qualifications

**Earnings relative to upper secondary education (=100), 2007**

![Earnings chart](chart)


These are all relative to getting an upper secondary qualification which in Germany is what an apprenticeship leads to: a qualification at an upper secondary level. Despite the very common comments about the high prestige of the German dual
system, one of the things that strikes you if you look at the far right-hand part of the chart is that in fact a degree pays more in Germany, relative to upper secondary education, than it does in Australia, which suggests something about the relative status of degrees compared to apprenticeships in Germany.

Of course, another possible explanation for this is that graduates earn more relatively in Germany because there are fewer of them: a matter of supply and demand. The next chart, on the next page, shows secondary qualifications, and a different picture.

**Upper secondary qualifications by age, 2007**

![Chart showing upper secondary qualifications by age, 2007](image)

*Source: OECD, Education at a Glance, 2009*

Here we see that Germany has a significant advantage, an appreciable advantage, over the rest of the OECD with a rate of people having upper secondary qualifications which is about – if we look at the bottom of the chart – about half a standard deviation above the OECD average. Whereas Australia, up until quite recently, has been notably below the OECD average. However the other thing that's striking about Germany is that its advantage compared to the rest of the OECD in the rate of upper secondary qualifications in the population has been again progressively declining with each 10 year age cohort and, again, that's in part because the rest of the world has been moving ahead somewhat faster than Germany.

The next chart, on the page which follows, shows, given that we're going to talk about the dual system today, the proportion of upper secondary students who are in vocational programs. As Thomas has mentioned, about 60 per cent of young people in Germany who are in upper secondary education are in a vocational program.
If you look at the OECD data, it suggests that Australia has about the same rate but the OECD data for Australia on this particular indicator is a nonsense; and if you calculate it using OECD standards our upper secondary-level vocational education system is about half the size of Germany's.

What's been striking about Germany in recent years, is that the upper secondary vocational track has been shrinking steadily in size. While it's still relatively large compared to the OECD average it used to be larger. In the mid 1990s three quarters or more of all young people in Germany were found in a vocational program, and that's been steadily declining so that it's now around about 57 per cent on the most recent figures that are available. Why is this the case?

My guess is that it's caused by, because it certainly coincides with, the appreciable rise in apprenticeship wages during the early to mid 1990s, a wage increase which started in the metal industry.

The next chart, on the following page, shows trends in upper secondary students in vocational programmes in Germany from 1994 to 2007, and identifies the timing of the apprenticeship wage increase.

Sources: OECD, Education at a Glance, 2009 and NCVER, unpublished data
When I first became interested in the German dual system in the early 1990s, scholars that I talked to who did studies of the economics of the dual system said, well, employers can make a profit on their apprenticeship training during the lifetime of the training because the wages are lower and the productivity delivered by the apprentices enables the employer to get a return. That still is the case in Switzerland from work which was published a couple of years ago comparing returns to apprenticeships in Switzerland and in Germany. But it's no longer the case to nearly the same extent in Germany and so this is one of the reasons why there's been a rising problem in Germany with young people not being able to find a place in a firm to be trained as an apprentice.

The next chart, on the following page, points to another problem in the dual system, and this is one that's taken from the work by Felix Rauner at the University of Bremen, which was published a couple of years ago, looking at the quality of steering and governance within apprenticeship systems in four European countries: Switzerland, Denmark, Austria and Germany.

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Apprenticeship system governance

Source: Rauner (2010)\(^{19}\)

Germany is the red dot in the bottom left-hand corner. Without going into details, basically what Rauner has looked at is the interaction between, on the one hand, the extent to which governance of systems is co-ordinated and, on the other hand, the extent to which steering is done by outputs rather than by inputs. His research suggests that if you compare those four countries, that Germany’s dual system is characterised by fragmented governance and by steering through inputs. So here is another problem in the German dual system compared to apprenticeship systems in some other European countries.

One of the flip sides of the decline in the proportion of young people who are in vocational programs in Germany, and a consequence which receives less attention but which is very important, is that there’s been a progressive rise in the proportion of young people who are in general education programs with it essentially doubling between the mid 1990s and the current level. This is shown in the next chart, on the following page.

If you combine this rise in the number of kids who go into the general education strand with a static and small higher education system you get some pretty major consequences for the dual system.

The chart on the page which follows shows a stylised representation of the basic streams within the German post compulsory education and training system in the beginning of the 1990s. At that time you had a small gymnasium (or academic upper secondary school) stream that was roughly equal in size to the size of the university sector so that most people who finished gymnasium would be able to go onto university if they qualified. Beside these you had a set of the schools that led into the vocational system, Realschule and Haupstschule, which taken together were again roughly equal to, in terms of their output, the number of places in the dual system.
You have a small flow from the gymnasium into the dual system in the early 1990s and a relatively small flow, up in the top right-hand side, [the Berufsgrundbildungsjahr] into a Vocational Foundation Year for those who couldn't get an apprenticeship which in theory is designed to prepare kids to get into an apprenticeship which they didn't get into in the first place.

As a result of the changes since the mid 1990s in the balance between the general stream and the vocational stream, what we're now finding, as the chart following shows, is that the flows have changed and there's been an increasing number of young people who complete the Abitur at the end of the gymnasium stream and then flow into the German dual system.
What that does, as you've got at the same time a shrinking of the dual system, is push the kids from the bottom increasingly into the foundation year. The linkages between the foundation year and the labour market are not very well established and research which has been done on the consequences of doing the foundation year, which as Thomas said is very largely entered by the kids at the bottom of the pile and the migrants, is that many of them flow – probably about 60 per cent of them – into relatively unskilled work.\footnote{C. Schmidt, ‘Vocational Education and Training (VET) for Youths with Low Levels of Qualification in Germany’, \textit{Education + Training}, Vol. 52, No. 5, 2010, pp. 381 – 390.}

One of the other aspects of Germany's education system is the link between equity and where you are and how you perform. The next chart, which is from PISA 2006, shows the impact of socioeconomic status upon how well you do in science (the major domain sampled in 2006). In other words, it shows the extent to which family background determines your achievement level.

\begin{center}
\textbf{Equity}  \\
(The impact of SES upon performance)
\end{center}

![Equity Chart]

Source: PISA 2006

What we find is that in Germany the impact of how wealthy your parents are and what sort of cultural capital they've got in the home is substantially above the level in the OECD as a whole and substantially above the level in Australia, where it's relatively low.

One of the other things that is intriguing about the whole structure of the German education system is the way in which that streaming at an early age, beginning as early as 10, helps to cool kids out and shapes their aspirations. You see in the
following chart that at the age of 15 only about 20 per cent of kids in Germany aspire to going onto tertiary education, compared to about 70 per cent here in Australia.

15 year-olds aspiring to tertiary education, 2003

![Chart showing percentage of 15-year-olds aspiring to tertiary education by country]

Source: PISA 2003

One of the consequences of that, of course, is that only about 20 or 30 per cent of kids do go onto higher education. Another consequence of it, which is very, very important in understanding the nature of the German dual system and its strengths, is that you get a heck of a lot of very, very bright kids going into apprenticeships. It has not been just a residual system as some other countries’ apprenticeship systems have been. Nevertheless, it is built upon an inequitable system of streaming by wealth and by ability level.

In the chart on the next page we can see a model which describes a low equity country, the top right-hand corner, as one in which we have the rich kids and the high achievers in one set of schools and we have poor kids and low achievers in another set of schools. High equity countries on the other hand you can characterise as ones where you mix the high achievers and the low achievers all up in the same level in the same schools, and the wealthy and the poor are all in the same set of schools: and there's some evidence that I've been having a look at lately which suggests there's a correlation between that and higher levels of overall achievement.
A model of ability streaming and wealth streaming in schooling

<table>
<thead>
<tr>
<th>High achievers and low achievers are in the same schools</th>
<th>The rich and the high achievers are in one set of schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>The wealthy are in the same schools as the poor</td>
<td>The poor and low achievers are in another set of schools</td>
</tr>
</tbody>
</table>

Low equity

High equity

In the next chart is a plot of OECD countries on two factors. One is how much variation between schools can be explained by socio-economic status, by parental background; second, how much total variation there is between schools in achievement levels.

**Streaming by wealth and ability, 2006**

Source: PISA 2006
What we find is that Germany is up in that top right-hand quadrant where the rich kids and the poor kids are in different schools and the high achievers and the low achievers are in different schools so we’ve got a very strong streaming by class and by ability in Germany. If we look at other countries that are in that quadrant, two of the others are ones that also have relatively large apprenticeship systems – Austria and Switzerland – which also tend to stream at a fairly early age. Of course, there is nothing inherent in apprenticeship as such that causes that pattern. There are two other European countries that have quite large apprenticeship systems – Norway and Denmark – you find them down in the more equitable quadrant; and Australia is a bit of a mixed bag.

So to recap, what have we got? It could sound like a pretty gloomy story. We’ve got a very small higher education system that's been steadily falling behind the OECD average in recent years, and which pays very well compared to some other countries. We’ve got a country whose advantage in upper secondary qualification rates is steadily being eroded; a once dominant vocational education pathway that's steadily shrinking, that's losing its economic attraction to employers as a result of high wage levels, whose co-ordination and steering are perhaps less effective than in some other European countries. We're finding that the interaction between trends in the dual system and in the general education system is causing increasing problems for kids down the bottom. We've got a dual system which is built upon streaming at an early age by social class and ability and that requires, in my mind, most young people to be cooled out of aspiring to tertiary education at an early age. Now that's not a very good story you could say, but on the other hand there's a flip side of the coin.

Let's start off by looking at what it is that young people are required to learn, not what they choose to learn but what educational regulations say they have to learn. Here we will start off with the Abitur, the equivalent of the VCE or the Higher School Certificate here. Look in the next chart, at the subjects that are compulsory.

<table>
<thead>
<tr>
<th>What young people must learn</th>
</tr>
</thead>
<tbody>
<tr>
<td>National languages and/or literature</td>
</tr>
<tr>
<td>Australia Year 12</td>
</tr>
</tbody>
</table>

Source: Sweet (2010)²¹

If you're aspiring to go to university in Germany you have to study national language or literature, foreign languages, maths, science, humanities, fine and creative arts, physical education. There are some variations – it varies a bit according to the particular strand of the Abitur that you are doing – but the basic picture is of a curriculum which requires a broad, general education.

Now let's have a look at the VET schools in Germany. This line intends to summarise more the full-time vocational schools than the dual system – I didn't want to complicate it too much – but generally what we find is that the approach to vocational education in Germany requires a broad body of general education to be incorporated into what it is that young people are required to learn, and that's the case in the dual system although perhaps not to the same extent as in the full-time vocational education system. How does that compare to Australia? Well, what is it that kids in Year 12 are required to learn? Every state and territory requires them to study English. Some require them to study maths but otherwise there is no general requirement for a broad general education spanning a wide range of content areas in upper secondary education in Years 11 and 12. Then we have a look at kids who are doing vocational qualifications and we find that there is in general no requirement whatsoever for a compulsory study of general education within our vocational educational system.

So one of the things that is attractive about the German dual system, which the above chart shows, is that it does provide a broad depth and range of learning which is perhaps not the case in the sorts of apprenticeship systems that we are used to.

The next chart is an index, the sort of thing that Thomas was talking about, of the relationship between unemployment among adults and unemployment among youth with the ratio of the two being in a sense an index of how competitive young people are in the labour market compared to adults.

Youth to adult unemployment ratios (15-24/25-54), 1980-2009

Source: OECD labour force database
The grey line, showing trends in the OECD as a whole over nearly a 30 year period, shows that the unemployment rate been around two to three times for young people, the level that it is for adults. Look at Germany and you find consistently throughout nearly a 30 year period that its young people have been extraordinarily competitive in the labour market and its youth to adult unemployment ratio has consistently been the lowest in the OECD. And so whatever problems there are in the system it’s still a superbly effective school-to-work transition mechanism. Where does Australia fit? We’re about the OECD average and perhaps creeping a little bit above.

One of the other things that impresses me enormously about German skill formation practices is illustrated by the next chart:

**Skill demands and the size of national tertiary education systems**

![Chart showing skill demands and the size of national tertiary education systems](chart.png)

*Source: OECD science and technology and education databases*

What this shows is the extent to which a standard basket of knowledge- and technology-intensive industries contribute to economic performance. I have plotted that against the size of countries' higher education systems and what we find is, despite all of the rhetoric about the knowledge economy, and the importance of more graduate qualifications, here we have two countries – Switzerland and Germany – which have got the smallest higher education systems in the OECD, and yet have industries which are highly technology-intensive and highly knowledge-intensive, and which enormously contribute to their country’s export performance with very few graduates; but a very, very large depth of intermediate level skills and a workforce who have gone through an apprenticeship which provides the depth and the range of skills which most apprenticeship systems would love to be able to emulate.
OVERVIEW OF PLENARY DISCUSSION

Facilitator: Dr Andrew Scott

There were a number of key themes which resonated throughout the plenary discussion amongst the participants, who were drawn from business, unions, state policy departments, research institutes, and the university and TAFE sectors. These themes encompassed:

a) the pattern of aspirations in Australia, and the inappropriate messages given both through policy, and by some institutions;

b) the value of a comparative approach, yet noting the challenge of making sense of the complex differences in institutional structures and arrangements;

c) the importance of the apprenticeship system in Germany, and the widespread social commitment to its sustainability;

d) the importance of literacy, numeracy and science, and of adult learning pedagogy in senior years;

e) governance arrangements, and the difficulty of coordinated policy and decision-making across sectors in Australia.

An Unhelpful Pattern of Aspirations

This issue was a core theme which recurred throughout the plenary, prompted from the outset by Richard Sweet’s graph which indicated that at age 15, Australian young people have high aspirations about proceeding to universities, whereas for German students it held the lowest preference. There was general agreement from all stakeholders that this was unhelpful, and apart from setting many young people up for apparent failure, it meant that the interest in pursuing skilled trades, which is where the greatest shortages are, was too low.

One problem has been the cultural ‘unattractiveness’ of trades, as they have been undertaken overwhelmingly by young men from ‘Anglo-Saxon’ backgrounds. The pathways have not been sufficient or appropriate to attract a broader range of people into diverse trade opportunities. Partly, this reflects the lack of relevance of preparatory work, and partly the coherence of the linkages.

This pattern is reinforced every year by the emphasis on success in school matriculation exams, and the subsequent emphasis on university entrance outcomes. The value of vocational education is diminished by comparison. It reflects the importance in Australia of school achievement as a form of social mobility: vocational education leads to jobs which are relatively low status, while higher education is the means of entrée to professional employment, areas of employment that are certainly better for women.
This is reinforced as well by uncertainty about the future of manufacturing industry in Australia. That sector is continuing to evolve, and ironically one of the critical issues is the quality and relevance of the training of employees. The skills required for manufacturing are often the same engineering and related skills as are required in mining and defence. The training needs to offer adaptability, the ‘soft’ and more abstract generic skills that can be transferred from one sector to another. The advantage of the employment-based training is that of being ‘job ready’. The effectiveness of this, in the eyes of some participants at least, depends on tripartite arrangements such as exist in Germany.

**Different Institutional Arrangements**

There was ready recognition of the ‘ecology’ (as described by one participant) of the German VET system, which goes beyond the roles of the institutional arrangements of schools, vocational education and training (VET) providers, universities and companies, and of its differences from that in Australia. The German system encompasses,

... things like a good quality secondary school system, a system of corporate governance which is to do with the relationship between banks and firms which allows a long-term view. There’s the tripartism which allows unions and employers to jointly define vocations and jointly administer some aspects of training. There’s the sort of generalised multi-employer collective bargaining which has allowed the determination of wage rates both the premium for skilled workers and apprenticeship wages. (Academic participant).

These institutional arrangements are under pressure in various ways at present, but government commitment to sustaining the training-employment relationship remains strong. Where young people apply unsuccessfully for apprenticeships, this is regarded as a labour market problem, addressed with policies which offer incentives to employers to hire people.

Participants noted that there were relative advantages and limitations of these arrangements. Insofar as the German system tends to focus on young people, the Australia TAFE system provides more opportunities for people who have not gained a qualification early. This means that while Australia has a relatively low secondary school completion rate, there is a ‘very high proportion of the adult population with qualifications of a whole range of types’ (research participant). Reference was made to the role of group training companies in helping to provide second opportunities for young people who have not been able to gain employment.

Unfortunately, the Bradley report targets also promote increasing rates of participation in universities, rather than a more comprehensive enrolment in the broader range of qualifications. It seems to be difficult to get a balance in policy which encourages both a strong university sector and a strong TAFE sector. The German *Fachhochschulen* represents a model of a vocationally-oriented higher education sector which offers the equivalent of diplomas or degrees. Expansion of the higher end of TAFE could assist in part, but as discussed, the Bradley report targets instead are encouraging universities to pull low socio-economic status
students away from the apprenticeship pathway into employment (and possibly university).

**The German Apprenticeship**

One consequence is that Germany has a much more regulated labour market system, in which apprenticeships are counted as a form of employment. Employers and unions have a much stronger role in managing the system, including the placement of apprentices and their examinations. The workplace is at the centre of the pedagogy, with a whole range of institutional supports for on-the-job learning that are largely absent here. Once in employment in Germany and having completed an apprenticeship, the employer might then support ongoing study at university through to completion of a Masters degree. In recent years, the German VET system has been very innovative, including identifying new vocations and skills sets.

The effectiveness of the system depends on the number of apprenticeships available for young people who reach the relevant age. This number was decreasing up until 2004, when the German government negotiated the National Pact for Apprenticeships. This combined the efforts of the trade unions, the employer federations and the Government to increase the number of apprenticeships. Initially for a three year period, the Pact has subsequently been extended.

This approach contrasts quite strongly with that in Australia where policy has relied for generations on skilled migration, rather than building the cooperation amongst government, employers and unions to provide training places for the next generation of workers.

**Schools and Vocational Pathways**

The first and important task of schools is in the area of foundation skills and academic achievement, which in itself links closely with the framing of aspirations. The discussion clarified the importance of reading, mathematics and science as predictors of transition outcomes. In most countries, people whose achievement is low tend to do worse in the labour market and in education.

On the other hand, there is a need for greater diversity of choices for students in senior years. There was broad agreement that Australian schools tend to provide a relatively ‘one-dimensional’ experience.

> It’s a particular form of learning: abstract and word-orientated, you need to be literate; and we know that form of learning doesn’t mesh with the broad range of interests and capacities of young people. We offer very little applied learning in schools. (Research participant)

Independent research indicates that a very high number of students leave school because they want a job, to do something that the school environment does not offer. A high proportion would have stayed if it were possible to study part-time. This suggests the potential of offering a much richer array of opportunities in the school system. The problem at present is that each innovative arrangement that offers a new dimension of VET, it is characterised as an ‘alternative pathway’, implying that it
won't have academic rigour. Until there is an alternative stream of demanding education which is vocational in orientation, the low status of vocational education will be reinforced. At present, vocational education is low status because it has been designed that way. There are many companies whose CEOs began as tradespersons, and some where most of their management began in the trades. However, these tend to be seen as exceptions and not the centre of careers education stories.

This issue is linked by some with issues of streaming. It was suggested that one of the problems with Australian arrangements is that students need to make choices too early, and do not have a genuine choice between a general education pathway and a real vocational pathway at age 16, which is when they are deemed mature enough to make the choice. The current VET in Schools initiatives do not meet the criterion of offering genuine pathways.

This can be linked with the issue of school structures, and the importance of senior school campuses in which students are treated as young adults. In some areas, enrolments in school leaver programs are higher in TAFE colleges than in any secondary school, just because they prefer the way they are treated. Some schools are reluctant to embrace these possibilities in case their schools become seen as a 'dumping ground' by other schools who want to remove students whom they think will undermine their apparent academic achievement.

System Governance

Many of the complexities which arose in the discussion raised underlying questions about governance and overall system coordination. As one participant said, 'It’s not easy for any individual stakeholder to take the steps that might be necessary to change things... there’s a lot of challenges to be overcome’. Complexities arise because of the distribution of responsibilities across different departments and agencies even within the one level of government, and the challenge of skills formation is that all three levels can be involved.

Further, one of the striking contrasts between the German and Australian systems is the involvement of employers and trade unions in the management of the skills formation system. This is not only at the national, policy level, where government clearly also plays a significant role, but in its grounded implementation. As it exists at present, system governance in Australia tends to focus decision-making in the education and administrative sectors, without sufficient engagement of those responsible for generating employment and offering workplace skill development. With the latter also goes the question of resources, and in that respect, it’s important to remember German employers carry the bulk of the costs of skills formation, and gain greater public esteem and influence, as a result.
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His Excellency, Mr Patrick Renault, Ambassador of Belgium to Australia.

Mr Charles Mifsud, Consulate General of Malta.

Ms Pam Caven, Director Policy and Stakeholder Engagement, TAFE Directors Australia.

Mr Patrick Coleman, Director of Policy, Business Council of Australia.

Ms Jennifer Coulls, Policy Officer, Australian Technology Network of Universities.

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