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## **Framing the Policy Analysis of OECD and Australian VET Interaction: Two Heuristics of Policy Transfer.**

**Tim Legrand and Christopher Vas**

**Australian National University and Murdoch University**

Abstract: The global financial crisis has injected considerable economic and cognitive uncertainty into labour market planning for governments worldwide. Vocational Education and Training (VET) policy in particular has been subject to increased scrutiny and revision in light of a volatile job market. Under these circumstances the ideas emerging from international organizations, such as the Organisation for Economic Cooperation and Development (OECD), have gained resonance and shaped the nature and trajectory of domestic policies. This article explores the direct and unambiguous influence of the OECD on Australian VET policy. Using a combined policy transfer and epistemic communities perspective, the article identifies OECD mechanisms integral to selecting, promoting and facilitating specific VET policy outcomes. In so doing, we contend that the OECD operates as a crucial progenitor of policy ideas under conditions of international cognitive uncertainty.

## Introduction

There is little doubt that the OECD operates as one of the world's principal mechanisms of international policy transfer. At its genesis as the Organisation for European Economic Cooperation in 1948 it was tasked to deliver the promises of the Marshall Plan, which were to rebuild and modernize the European economies that had been so badly ravaged in the Second World War. In doing so, conditionality was introduced to the lexicon of international financial aid: European states received US financial support on condition of their adoption of liberalization policies. Since 1961, and its rebirth as a worldwide body, the OECD has operated as more benign, but no less influential, promoter of free market policies. In this article, we critically examine the recent role of the OECD in promoting specific vocational education and training (VET) policies to its members and, more specifically, Australia. Largely, the international influences on and of Australia's VET policy have attracted very little attention. This paper seeks to explore this arena in much more detail by contributing a theoretical and empirical analysis of an OECD study of VET policy.

The OECD's international review of VET policy, *Learning for Jobs*, which is discussed later in this article, provides an opportunity to reflect on two analytical frameworks of policy change: the epistemic communities approach and policy transfer analysis. There is plenty to suggest that these concepts are conceptually interrelated, yet few authors have attempted to integrate the two approaches. Herein, our analysis borrows from the epistemic communities approach (Haas, 1992) and policy transfer framework (Dolowitz and Marsh, 1996, 1999; Evans and Davies, 1999; Stone, 1999, 2003) to show how OECD policy ideas gain traction amongst and are adopted by its constituent nations. This brief study represents an important contribution in terms of (i) an empirical exposition of the OECD's recommendations and their impact on Australian policy, and (ii) the theoretical implications for combined policy transfer and epistemic communities analysis. Our analysis herein is limited to a consideration of the dynamics of the macro-political relationship(s) between the state and international organizations. Because of space constraints, we are unable to

expound on the dynamics of domestic influences, such as interest groups and industry, though these undoubtedly are significant.

The article is structured as follows: first, we begin with an overview of the VET policy environment in Australia. In this overview, we highlight the unique characteristics of Australia's VET policy. Second, we will engage in a conceptual discussion of policy transfer and the epistemic communities approach. These are not unproblematic analyses and we are cognizant of their limitations; nevertheless, we take the view that this theoretical framework helps to guide explanation and understanding of the structure, agents and mechanisms involved in the case at hand. So, we argue that the Haas' consideration of 'conditions of uncertainty' can apply equally to epistemic communities *qua* international organizations. Thirdly, we turn to a consideration of a case study of skills and workforce policy in Australia. In this section we provide a brief narrative of the aims and origins of the study before considering the wider implications of the OECD's recommendations, especially as they relate to Australia's VET architecture. Finally, reflecting on the findings of this examination of the OECD, we defend our use of Haas from a policy transfer perspective. We conclude that in the current economic climate, conditions of uncertainty are likely to persist and, where this is the case, the OECD's policy recommendations are likely to gain resonance or, at least, become the key referent for policy officials faced with an uncertain economic forecast.

## **Australia's VET policy**

There has been limited scholarly attention to the issue of VET and its overall policy direction in Australia. The National Centre for Vocational Education and Research (NCVER), a federal government funded organization, centrally manages most VET related statistical information, research and policy direction. Research work has been undertaken on the supply and demand in the VET system but this has been sporadic. Largely, in the field of post-sixteen education research VET has been considered to be less important and the 'poorer cousin' of higher education. Yet the VET sector has expanded and become increasingly incorporated in the schools system since 1996 and,

moreover, there is an increased participation rate in VET programs (Woods 2008). The Australian Government's establishment in 2011 of the \$558m National Workforce Development Fund to support training and skills development is testament to this claim (DEEWR 2011). Despite this apparent significant growth, it has garnered comparatively less attention than the higher education sector. It was not until the recent recommendations emerging from the *Review of Australian Higher Education* (DEEWR 2008) popularly known as the 'Bradley Review' that a call for much stronger ties and a 'coherent approach' to be built between the two sectors within one tertiary education umbrella was voiced. The emerging skills and labour supply issues in Australia's recent past has now put VET to the forefront of the minds of policy makers. In order to better understand the essence of this paper, it is vital for us to place into perspective the policy context of the Australian vocational education system.

Essentially, there are three critical underpinning elements of the Australian VET system. First, it is nationally agreed. As a federated nation, the responsibility for the delivery of education and training in Australia constitutionally lies with states and territories. The Australian government takes a national leadership role in VET working collaboratively with states and territories and with industry because of its responsibility for national economic development. The National VET Regulator Act of 2011 and the Australian Quality Training Framework (AQTF) are two standards that guide the work of organisations involved in delivering VET education. Previously, this was achieved through the National Governance and Accountability Framework which 'established the decision-making processes and bodies responsible for training. It also included planning and performance monitoring arrangements to guide the operation and growth of the training system' (*National VET Quality Management Arrangements*, National Quality Council). It brought together arrangements for joint planning, decision-making and accountability between levels of governments and with industry. To further strengthen the VET sector, in 2011 the Council of Australian Government (COAG) agreed to replace the National Quality Council with the National Skills Standards Council

(NSSC) as a committee under the Standing Council on Tertiary Education, Skills and Employment (SCOTESE) (NSSC 2012).

Secondly, it provides opportunity for individuals to engage in training that is competency based and relevant to their working needs (either to enter the workforce, up skill for a current job, or to change careers). The Australian Government provides approximately one third of the funding for training to the states and territories through the *National Agreement for Skills and Workforce Development*. The Agreement focuses on the achievement of agreed objectives, outcomes and targets that describe the impact that government activity is expected to have on community well-being.

Finally, it is industry led. The main mechanism for industry engagement with the training system is through the Industry Skills Councils (ISCs) (ISC 2012). The Australian Government funds eleven sector based ISCs to provide industry intelligence and advice to government and enterprises on workforce development and skills needs. ISCs are privately registered not-for-profit companies run by industry-based boards of directors, but whose funding the Australian Government through the Department of Education, Employment and Workplace Relations provides substantially. ISCs give all industries, peak bodies, enterprises, unions, training organisations and governments a voice in Australia's vocational education and training system through a national system of industry advisory arrangements and a structure based on industry-led boards of directors and standing committees. Key to the role that skills and training play in the productivity of Australia's workplaces is the central role employers and industries play in both determining training policies and priorities and also in developing training qualifications that contain the skills needed for the workforce.

## **The OECD, policy transfer and the epistemic communities approach**

Uncertainties in the global climate are the defining feature of the international economy today. The onset in 2008 of the global financial crisis (GFC) provided a timely reminder for governments that the insulation of sovereignty is wearing thin in the global sphere. The speed at which financial panic

swept across international markets overwhelmed governments' efforts to retain economic buoyancy. Almost overnight, government budgets were thrown into disarray and policy planning into chaos. The crisis exposed, albeit not for the first time, the vulnerability of the nation-state to global economic structural failures. In response, governments did not shy away from seeking an international solution: throughout 2009 and 2010 G8 and G20 leaders met frequently to plan a way out of the quagmire. The enormity of the system collapse demanded measures coordinated at the international level to be implemented in the domestic arena. International financial failures threatened to undermine the global economy since the extent of national reliance on global markets had only become apparent after the fact. The OECD forewarned of the crisis bringing about resurgent nationalism:

the crisis could also have a detrimental impact as aversion to risk takes root, as reinforced nationalism puts limits on trade and migration and as tight economic conditions lead to an increase in cybercrime that could erode trust in the Internet (2009, p.16)<sup>1</sup>.

The effects of the GFC were uneven. Exposure to the crisis-ridden markets was, and remains, relative to the nature, size and flexibility of each state's economy. Yet, if the effects on states were felt differently, the causes and systemic flaws were almost invariably common to all. Internationally, the knock-on effects for labour markets have been profound and international organizations have attempted to respond. The OECD purports to equip nations with the right tools for sustainable economic growth. Indeed the report from the OECD's *Learning for Jobs*, the present case study, notes:

As the global economy emerges from the shadow of the crisis, it is time to think of new sources of growth creating the conditions for sustainable and balanced economic development that will deliver the quality jobs we need (foreword, 2010)

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<sup>1</sup> OECD: Policy Responses to the Economic Crisis: Investing in Innovation for Long-Term Growth (2009)

This view stems from a structural consideration of the current economic climate. In his 1992 work, Haas presciently stated: ‘The growing technical uncertainties and complexities of problems of global concern have made international policy coordination not only increasingly necessary but also increasingly difficult’ (Haas, 1992, p.1). Undoubtedly, the present global financial crisis has caused considerable uncertainty amongst policy officials and the response of major economic leaders to the world financial crisis has indeed been to adopt a common response. For instance, out of a G20 meeting in London in November 2009 came a raft of coordinated measures to halt the downward economic spiral. Amongst these, it was agreed that G20 countries would align global accounting standards, review incentivization of risk-taking behaviour in financial markets, make credit derivatives markets more transparent and less unstable, and reinforce international cooperation. The uncertainty wrought by economic crisis precipitated efforts towards coordination and convergence rather than unilateralism and divergence. Yet, in its report *Policy Responses to the Economic Crisis: Investing in Innovation for Long-Term Growth*, the OECD observed that, with the exception of some EU states:

most stimulus packages have been elaborated with a national view. Coordinating stimulus packages internationally in particular in areas where spill-overs (e.g. R&D, green technology) are international or where there are specific co-ordination requirements (transport infrastructure) is important. Yet few existing national stimulus packages have explicit references to such co-ordination (2009, p.37).

As with other large international governmental organizations (IGOs), such as the World Trade Organization and the World Bank, the OECD has emerged as a key agent of globalization by operating as a mechanism of inter-governmental soft regulation. There is little doubt that IGOs are responsible for the lion’s share of the regulatory coordination and harmonization in the world; indeed, they are funded and staffed by member-states with the most to lose, in absolute financial terms, from a fragmented and ill-structured system of international trade. The rules and norms endorsed by IGOs aim to ease the passage of economic trade and exchange of labour (insofar as

these reflect the interests of their members). Yet few authors have given consideration to viewing the OECD as an epistemic community (Watts, 2008, p.8). Here we suggest that there are a number of strong reasons to characterize the OECD as an epistemic community or, at least, as if it were an epistemic community (hereafter, EC).

For Australian VET policy, the international arena has been a crucial source of ideas. Here we are concerned with the influence of the OECD upon policy content and direction. As Freedland, reflecting on the challenges of using data comparisons across countries, points out:

The efforts made by international organisations such as the OECD are recognized for their attempts to improve the accuracy, comparability and validity of data collected at national levels for use in international comparisons (2000:44).

In such a context, the relationship between the Australian government and the OECD is well established. According to Taylor and Henry:

vocational education and training has been an arena in which there has been a particularly vigorous interplay between the OECD and successive Australian governments over the past three decades (2000, pp.487-488).

### *The epistemic communities approach and the OECD*

ECs are defined by a common agreement on and concern for: (i) normative and principled values; (ii) causal beliefs; (iii) what constitutes valid knowledge and; (iv) a specific policy enterprise based on their professional competence' (Haas, 1992, p.3). Notably, the epistemic communities approach shares much of its conceptual approach with the 'elite networking' element of convergence theory. On this view, actors across states are understood to have particular and shared interests in sections of policy and, accordingly, form a sub-network engaging in an exchange of ideas, norms and prescriptive notions of policy solutions. Within networking arenas, common understandings and interpretations of policy problems are shared and propagated. Thus, these networks channel shared ideas and perceptions into the centre of policy formulation at a transnational level, shaping policy

into a shared understanding. It is a concept that theorizes state convergence resulting from ‘an identifiable elite bound by knowledge and expertise of a common policy problem and a shared concern for its resolution’ (Bennett, p.224). The EC approach adds an important contextual dimension to the elite networking concept. Specifically, Peter Haas (1992) argues that under conditions of uncertainty and complexity, policy officials turn to non-state experts to ameliorate the risks associated with decision-making in straitened economic or social or political climates. On this view, the international climate is characterized by increasing complexity that has relocated decision-making power upwards, away from the state, into the international arena:

the increasing uncertainties associated with many modern responsibilities of international governance have led policymakers to turn to new and different channels of advice, often with the result that international policy coordination is enhanced (Haas, 1992, p.12).

Haas’ analysis focuses upon intentionality of government agents; that is, the ability to recognize and formulate strategies to negotiate the structural conditions of the international environment. Yet, the ‘increasing uncertainties’ of the global climate have disempowered traditional routes of decision-making because policy makers no longer possess adequate knowledge to deal with their circumstances. As a corrective to this disempowerment: ‘decision makers have turned to specialists to ameliorate the uncertainties and help them understand the current issues and anticipate future trends’ (1992, p.13).

The OECD’s core activities resonate with Haas’ description of the impact of ECs. Haas states that a distinguishing feature of ECs is their reputation for expertise: ‘epistemic members’ professional training, prestige, and reputation for expertise in an area highly valued by society or elite decision makers accord them access to the political system and legitimize or authorize their activities’ (1992, p.17). ECs, in this respect, are capable of sustaining the predominance of their expertise over that of other groups or actors. They achieve this by virtue of their own professional pedigrees or, notably, the EC’s claims to knowledge, supported by tests of validity. Expertise and knowledge have two core functions of power: Firstly, knowledge is deployed to exclude outside actors from influential

processes. Indications of this form of epistemic exclusion are found in the in the OECD's *Learning for Jobs* report, in which the OECD depicts bilateral policy learning as less valuable than the OECD's comparative review:

While countries can learn much from each other in designing their VET systems, lack of data and diversity of VET systems makes international comparison hard. This comparative review therefore aims to enlarge the evidence base on what works in VET (p.17)

Secondly, knowledge is used to set the interests of the dominant states. The expertise claim is reflected in the OECD's *raison d'être*, which is to provide 'a setting where governments can compare policy experiences, seek answers to common problems, identify good practice and work to co-ordinate domestic and international policies. (preamble, 2010). Yet, this function is a corollary of another form of power. The comparative 'peer review' element of the OECD's activities can operate as a mechanism of ideational competition. Briefly, in peer reviews, the policy field (under review) of a country is scrutinized by fellow OECD member countries to help, 'improve its policymaking, adopt best practices and comply with established standards and principles' (OECD, 2003, 2). As such, competition is the key driver behind this policy-learning process. For March and Olsen, this represents a channel for the OECD determine the interests of the state:

Whether a similar program can accomplish a similar integration at an international level is certainly in doubt, but when organizations such as the OECD call attention to differences between "leaders" and "laggards" among countries in terms of their willingness and ability to adopt what is defined as a modern, democratic, and economically efficient public sector, they modify the reference groups of national bureaucrats, their aspirations, and their behavior (March and Olsen, 1998, p.961).

In so doing, the OECD exhibits a core feature of ECs: the capacity to set the agenda of what constitutes a policy 'problem' and, what is more, what is or is not the interests of a state (Haas,

1992, p.4). There are, thus, two critical stages in Haas' analysis that are relevant to our present analysis: (i) the complexity, and uncertainty, inherent in the global economic environment and (ii) the capacity of epistemic communities, such as the OECD to determine the interests of the state. These two elements of the EC speak clearly to a broad relationship between structure and agency. The context of uncertainty refers directly to a structural context that privileges some actors and outcomes over others, whilst the inter-relationship of policy officials and ECs provides a clear agency perspective. Together, these elements circumscribe and link macro and micro processes and provide one potential explanation of why certain policies are privileged above others. Yet, what processes link the two? How do agencies transmit or adopt policy? Policy transfer analysis, we claim, provides a valuable response to these questions of micro and macro linkages.

### *Policy transfer analysis*

Policy transfer analysis builds upon and updates an assembly of several theories of policy change, notably lesson-drawing (see Rose, 1991; Bennett, 1991) and policy learning (Hall, 1993). Principally, policy transfer analysis is concerned with how policy ideas are transmitted between states and institutions and why this occurs. Briefly, it is:

[T]he process by which knowledge about policies, administrative arrangements, institutions and ideas in one political system (past or present) is used in the development of policies, administrative arrangements and ideas in another political system. (Dolowitz and Marsh, 2000, p.5)

For Dianne Stone, policy transfer is a useful non discipline-specific concept which draws together contributions from different disciplines under one banner: 'The divide between IR and [Comparative Public Policy] can be bridged, to an extent, by frameworks such as policy transfer' (Stone, 1999, p.53) Indeed, Stone notes that '(t)he policy transfer concept problematises the division between the domestic and the international' (1999, p.53), a distinction, she claims, that has become 'increasingly meaningless' (1999, p.53). Mark Evans and Jonathan Davies similarly view policy transfer as a

concept with application across social science: 'policy transfer analysis can provide a context for integrating common research concerns of scholars of domestic, comparative and international politics' (Evans and Davies, 1999, p.362). Policy transfer emerged from the background of the comparative policy analysis policy convergence, diffusion and learning theorists (Benson, 2011; Marsh and Sharman, 2009). For diffusion and convergence theorists, policy transfer represents an integral process involved in the dissemination of similar policies globally. The links that lead to transfer opportunities are viewed as differentiated 'channels' through which diffusion occurs:

Economic, political and societal linkages between nation-states offer channels for the transfer of policies across countries. These channels differ with regard to the dominant mechanism by which policy transfer occurs (Tews et al, 2003, p.572).

One of the reasons, according to diffusion theory, that transfer mechanisms are triggered is because states may often be anxious to be seen as progressive and 'up-to-date' as its contemporaries (Drezner, 2001). This ideational approach to diffusion is developed through accounts of international institutions, such as the OECD, that endorse and promote certain policy agendas. In this vein, international institutions –using ideational competition- are seen as primary proponents of diffused or transferred policies, especially in policy areas of collective interest, such as the environment, an example Tews et al. extend: 'Ideational competition may become the driving force of policy emulation following the establishment of environmental protection as an internationally accepted and shared norm' (2003, p.575). The role of policy transfer in linking the 'ideational power' of global public policy think tanks is robustly expressed in the work of Stone. Her work, proceeding from the multi-level governance perspective developed by Evans and Davies, argues that a corollary of heightened global processes is that: 'States will remain important mediators of globalisation but their capacities to react and respond will differ substantially' (2003, p.17). Consequently, new patterns of global governance are emerging. Policy-makers are presented with: 'the emergence of qualitatively 'new' policy problems that cannot be dealt with effectively through established policy heuristic' (1999, p.53). In later work, Stone argues that global public policy

networks have emerged, which ‘have the potential to influence the shape of global governance’ (2003, p.49). Importantly, decision-makers in these networks rely on the expertise and know-how of experts to inform policy. In research on the World Bank-founded Global Development Network, Stone finds that knowledge creation and shared research feeding development policy ‘serves the interests primarily of the institutions advocating the knowledge agenda and the researchers in their orbit’ (2003, p.43). Policy ideas gain traction through interaction and engagement between state officials and non-state actors, such as scientific associations, foundations, NGOs and consultants (2003, p.54). From a development policy transfer perspective, Stone regards think tanks as key agents of policy transfer: ‘Their intellectual authority or market expertise reinforces and legitimates certain forms of policy or normative standards as best practice’ (2003, p.54). From an agency perspective, then, policy transfer is directed and operated via epistemic dominance; from a structural perspective, the range of policy ideas is filtered by the dominance of economic liberal prescriptions.

### **Summary of conceptual position**

From these conceptual viewpoints, we develop the following theoretical framework:

1. Conditions of uncertainty represent a structural constraint on policy makers to the extent that: (i) global economic conditions have challenged previously accepted labour market paradigms, (ii) the interests of the state, and how to achieve these, have been made more ambiguous, and (iii) agents have reduced confidence in their capacity to manipulate policy levers independently of the actions international peers.
2. In such circumstances of uncertainty, epistemic communities such as the OECD fill the information-gap experienced by policy makers. In these circumstances, the OECD circumscribes the ideological spectrum of appropriate policy; that is, those ideas that operate in the interests of economic liberalization act as a structural constraint that excludes some

policy ideas and privileges others. This ideational power in turn promotes the transfer/adoption of specific policies.

These concepts frame our engagement with relationship between the Australian VET system and the OECD. Our empirical case study, below, sets out the context and direction of VET systemic developments, skills and workforce development policy in Australia and outlines the key developments.

## **Skills and Workforce Development policy**

Skills are an important element that ensures employability and mobility at the individual level and increased productivity and efficiency at the enterprise level. Skills development leads to better employment prospects which contributes to the better living standards of individuals. At the macro level it helps enhance economic growth within economies. The importance of skills and education to an economy is evident by looking at a government's expenditure on education as a percentage of its gross domestic product (GDP). If we reflect on the OECD<sup>2</sup> countries and their expenditure on education in 2008 as outlined in its 2011 report *Towards an OECD Skills Strategy*, it is clear how much value is attributed to human capital development. The average spend on education across OECD countries varies between 3.5-4% of GDP. The United States, New Zealand, Iceland, United Kingdom spend much higher than the OECD average in comparison to their counterparts in Canada, Norway, Italy and even Australia. Of course, an increase in skill levels alone does not lead to better workplace or economic outcomes. It is the optimal utilisation of skills in the workplace that leads to better organisational performance and subsequently economic benefits.. It is hence useful to consider the manner in which each country goes about achieving these goals, the policies they develop to achieve these objectives and how much policy transfer takes place across boundaries. It is in this context that OECD set up the *Learning for Jobs* project to review the experiences of seventeen countries in the VET sector.

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<sup>2</sup> OECD (2011). *Towards an OECD Skills Strategy*. Available at: <http://www.oecd.org/dataoecd/48/55/48116798.pdf> , accessed on 2 November 2011.

## *OECD Learning for Jobs*

The Australian government engages consistently with the OECD and its fourteen constituent directorates. This was reiterated in August 2008 by then Minister for Employment Participation, Brendan O'Connor, in his meeting with the Secretary General of the OECD saying that 'Australia uses the OECD as a source of information around good policy practice.'

The Department of Education, Employment and Workplace Relations (DEEWR) in particular has close links with the OECD directorates. The OECD is highly regarded as a 'setting where governments compare policy experiences, seek answers to common problems, identify good practice and coordinate domestic and international policies' (2010). The power associated with OECD 'peer pressure' is regarded by DEEWR as 'a powerful incentive to improve policy and implement non-binding instruments that can occasionally lead to binding treaties' (2010). DEEWR is mainly active in three directorates: the Directorate for Education, Directorate for Employment, Labour and Social Affairs and the Centre for Entrepreneurship, SMEs and Local Development. There are a number of special bodies seated within these directorates.

VET research is guided by the Group of National Experts on Vocational Education and Training (GNE VET). This group reports to the OECD Education Policy Committee and the Centre for Educational Research and Innovation Governing Board and undertook the OECD project *Learning for Jobs: OECD Reviews of Vocational Education and Training* between 2007 and 2010. The major international policy study of VET in seventeen countries was initiated to advise countries on ensuring that their systems remained responsive to labour market needs in changing economic conditions. In Australia, meetings and consultations with various government officials and external VET stakeholders were organized for the OECD in-country visit in April 2008. The OECD VET review of Australia, published in November 2008, acknowledged a well-developed system underpinned by strong industry engagement, well-established national qualifications system and a flexible VET system. To coincide with OECD's effort, the Australian Government organized the

Big Skills Conference at which the then Education Minister Julia Gillard acknowledged<sup>3</sup> that the conference would be a good opportunity to learn and share from the VET experiences across countries. Gillard attributed the successes of the Australian VET system to “educators, the employers, the unions, the group schemes, the apprentices and the students who built the system”. Some of the key successes identified within Australia’s VET system were also its employer engagement mechanisms through the ISCs, the existence of a well-developed national qualifications framework, a quality assurance and regulatory framework evident in the AQTF and the embrace of innovation in the system.

The OECD report also identified systemic challenges that were aligned to the issues around funding, skill forecasting, the development and implementation of VET training packages, an ageing VET workforce and a weakness in specific VET teacher data availability. An initial country comparison report was released in October 2009 that identified some key strengths and challenges for the Australian system. There were a multitude of challenges identified for Australia that related to reconsideration of a funding model between Commonwealth and State, inefficient training package development and implementation processes and the need for cross pollination of VET trainers between industry and institutions to address the ageing workforce issue. Aligned to these issues were elements of workplace training, skill formation, provider quality and a further strengthened relationship with industry, education providers and other stakeholders that would drive productivity and innovation.

The final report that was launched in September 2010 at the Learning for Jobs conference which also coincided with the OECD Group of National Experts in VET meeting. The meeting shared country experiences, reflected on the outcomes from the Learning for Jobs project and provided direction to future OECD VET work. The final report provided a holistic view and analysis of the key VET issues, labour market and related VET workforce and workplace learning issues that were being faced by OECD countries. The summary document outlined key messages and policy

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<sup>3</sup> [http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article\\_090305\\_093449.aspx](http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_090305_093449.aspx)

recommendations for OECD countries that were broad but indicated areas of weakness generally found across the OECD such as engagement of stakeholders, cross pollination of VET trainers and industry personnel, quality of workplace learning; and the need for a Qualifications Framework and standardized assessment systems. An important outcome from the conference and through the knowledge brokerage role played by the OECD that Kazakhstan is now actively considering implementing some of Australia's VET practices. The OECD policy analyst<sup>5</sup> in correspondence with the authors of this article notes

Kazakhstan is looking at the Australian VET system as a model to learn from, in particular with respect to the national qualifications framework and the high quality of many VET providers. Australia's (in particular Victoria's) move towards a fairer funding system for tertiary education (making equal funding arrangements and HECS available to both higher education and VET students) was another element that is of interest from Australia's VET system. In addition, the system also caters to so many different needs and does not make a sharp distinction between initial and continuing VET, something that Israel is interested in. And we frequently mention the National Centre for Vocational Education Research (NCVER) as a good example of how VET research can support policy making.

In a presentation from Kathrin Hoeckel, OECD's policy analyst, to VET stakeholders in Israel, Hoeckel (2011) reflected on the Learning for Jobs initiative and recommended that the Israel VET system could benefit from adopting three international policy frameworks:

- i) Australia's seamless VET system, underpinned by the Australian Qualifications Framework (AQF), that permeates school and university;
- ii) Swiss model of engaging with social partners and employers;

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<sup>5</sup> Correspondence with authors, 25 August 2011

- iii) Austria's experience of large enterprises partnering with small and medium enterprises to jointly deliver adult training in the workplace.

This underlines the capacity for the OECD to act as a catalyst for transnational policy transfer. By engaging with national VET stakeholders and policy makers in different countries, the OECD has been able to draw out commonalities across systems and, more importantly, identify opportunities wherein VET systems can be strengthened by adopting transnational policy settings. The Big Skills Conference, OECD's in-country visits, identification of best practices through country reports and subsequent engagement with international policy makers were important channels for knowledge and information exchange leading to opportunities for policy transfer. In order to establish that this experience in the VET arena is not just a one-off, we can reflect on the OECD's effort in the workforce development landscape which is an important extension to the skills policy and how its work influenced the conceptualisation of Australia's workforce development policy thinking.

### *Transfer of ideas into policy*

As indicated earlier, the OECD Learning for Jobs report cited the VET sector engagement with industry as one of Australia's key strengths. This was an important finding and validation of Australia's systemic strength in the skills and workforce development space. Skills Australia, an independent Commonwealth funded organization that advises the Minister for Education, in its Australian Workforce Futures report (2010, p. 70-71) relied on OECD findings from the *Learning for Jobs* and other similar initiatives in suggesting the establishment of a Workforce Development Observatory with industry at the core of its functions. Amongst a myriad of responsibilities that was suggested for the Observatory, Skills Australia recommended that one of these would relate to engaging with international institutions to identify best practice and facilitate dialogue through conferences, events and other channels.

Similarly, the recommendations of the OECD's review of Australian VET had a striking impact on the Australia government. In March 2012, the Australian Prime Minister Julia Gillard announced a

raft of VET policy reform under the banner of ‘Skills for All Australians’. In her announcement, Gillard stated that ‘the post-GFC world has made it clear we cannot cruise along any more. The world of easy money and easy choices that prevailed until 2008 is gone and won’t be coming back’ (Gillard, 2012). In terms of funding, Gillard offered the States and Territories of AU\$7.2 billion over five years to finance Australia’s training system, with a further AU\$1.75 billion to fund the new reforms. As responsibility for VET delivery is shared between the Commonwealth and States and Territories, the proposed reforms were put before the Council of Australian Governments (COAG) in April 2012. The proposed reforms were adopted in the COAG National Partnership on Skills Reform agreement. Crucially, of the OECD’s eight principal recommendations in 2008, seven were addressed or directly adopted among the COAG’s ten reform directions. Albeit, it is important to note that the proposal of the income-contingent loans (ICLs) recommended by the OECD report was derived from the HECS system already in place in Australia and supported by a 2007 Commonwealth Treasury Working Paper (Chapman, Rodrigues and Ryan, 2008). Table 1 sets out the OECD original recommendations in the Learning for Jobs report and the subsequent revised COAG VET policy framework.

<p><b>OECD: Learning for Jobs Australia (November 2008) recommendations</b></p>	<p><b>i) COAG National Agreement For Skills And Workforce Development, April 2012 (NASWD)</b></p> <p><b>ii) Partnership Agreement of Skills Reform, April 2012) (PASR, excerpts italicized)</b></p>
<p>1. Commonwealth, state and territory governments should seek to agree common principles for VET funding and provision and to achieve as much administrative consistency as possible</p>	<p><i>In entering this Agreement, the Commonwealth and the States and Territories (the States) recognize that they have a mutual interest in improving outcomes in vocational education and training (VET), and they need to work together to achieve those outcomes.</i></p>

[...]	<b>(PASR)</b>
<p>2. Students should be entitled to pursue VET qualifications without charge up to the level normally attained at the end of schooling, that is, up to Certificate II or III.</p> <p>Fees for higher-level VET qualifications should be levied on the same broad basis as for higher education and defrayed through HECS income-contingent loans.</p>	<p>25a. introduction of a national training entitlement and increased availability of income contingent loans (ICLs) <b>(NASWD)</b></p> <p><i>28a. Jurisdictions will create and more accessible and equitable training system through:</i></p> <p><i>a. introducing and strengthening a national entitlement to a government subsidized training place to a minimum of the first Certificate III qualification.</i></p> <p><i>b. supporting expansion of the Commonwealth ICL [Income Contingent Loan] scheme to improve the accessibility of higher level qualifications</i></p> <p>[...]<b>(PASR)</b></p>
<p>3. Students entitled to funding should be able to choose VET providers. Open competition should be accompanied by support measures designed to ensure that a good range of provision is accessible to all, including disadvantaged groups, that better information is available to potential students on the quality of providers, and that different types of providers can</p>	<p>25d. enable public providers to operate effectively in an environment of greater competition, recognizing their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities</p> <p><b>(NASWD)</b></p>

<p>compete on a fair basis.</p>	
<p>4. Skills forecasts are often unreliable and should not be the foundation of central planning. In future, there should be more emphasis on a system driven by student demand balanced by employer willingness to offer workplace training</p>	<p><i>Not adopted</i></p>
<p>5. A broader range of quality and outcome data at the provider level should be developed and made available. This will support student choice and provision driven by student demand. Data should become a systematic element of programme and policy decision making.</p>	<p>25h. provide greater transparency through better information to ensure consumers (students and employers) can make informed choices, governments can exercise accountability and policy-makers and regulators can understand and respond to emerging issues. <b>(NASWD)</b></p> <p><i>26. Jurisdictions will create a more transparent VET sector through: [...] d. Improving consumer information through development of proposals for release of comparable data on the national My Skills website and on the RTOs [Registered Training Organisations] with data to include quality of providers, prices, government support, including subsidies, and labour market information. <b>(PASR)</b></i></p>
<p>6. We commend the reforms which base apprenticeships on competencies. These reforms now need to be translated into</p>	<p>25f. strengthen, streamline and harmonize the Australian Apprenticeships system <b>(NASWD)</b></p>

<p>action, allowing flexibility in the length of apprenticeships and supporting that through a common procedure for their assessment.</p>	
<p>7. Training packages should be replaced by simple and much briefer statements of skills standards. Consistency in standards throughout Australia should be achieved through a common assessment procedure to determine whether the necessary skills have been acquired.</p>	<p>25g. assure the quality of training delivery and outcomes, with an emphasis on measures that give industry more confidence in the standards of training delivery and assessment <b>(NASWD)</b></p>
<p>8. Initiatives in which trainers work part-time in VET providers and part-time in industry should be encouraged. Innovative strategies are necessary to sustain the numbers and skills of the teacher and trainer labour force in providers.</p>	<p>25j. facilitate more interconnected tertiary and training sectors that cross boundaries between school, adult, vocational and higher education, with better links between employment services and training provision in order to improve labour market outcomes. <b>(NASWD)</b></p>

### *Discussion*

The resonance between the OECD recommendations and the subsequent COAG-agreed policy reforms suggests a powerful association between OECD advice and Australian policy outcomes. As noted by DEEWR, the OECD is ‘one of the world’s largest and most reliable sources of internally comparable research on statistics, economic and social data’ (2010). The corollary of this research

strength is an ideational power that leverages a distinctive set of policy outcomes. The OECD operates the most comprehensive multi-lateral assessment of VET policy in the world today. Although Australia has a number of strong bilateral policy learning relationships, notably New Zealand and the UK, the OECD expends overwhelming resources in collecting and disseminating knowledge of policy worldwide.

The theoretical implications of the OECD's operations are complex and multifaceted. Firstly, here we have suggested that the OECD operates as an epistemic community for a number of reasons: Contextually, (i) the global financial crisis has created unprecedented 'conditions of uncertainty' in the economic and labour force planning for almost every national government. (ii) In these conditions of uncertainty, the OECD's technical expertise gains resonance and authority and assists national government to, 'ameliorate the uncertainties and help them understand the current issues and anticipate future trends' (Haas, 1992, p.13).

Second, the policy recommendations made by the OECD presage policy transfer. The format of best practices promulgated by the OECD unambiguously encourages countries to adopt recommended policies. OECD's detailed policy research can foreshorten the usual lengthy policy learning timelines, and facilitate rapid policy transfer and change. In addition, the OECD endorses VET policies that sit within the OECD's economic liberalization ethos. The *Learning for Jobs* report, for example, provides clear 'policy messages' which include recommendations on: aligning the supply of training with job supply, national qualification frameworks, workplace training and policy tools (OECD 2011). In commending specific policies the OECD promotes, facilitates and enables policy transfer. Moreover, its position as an epistemic authority in austere and uncertain times operates to strengthen its role in so doing.

## **Conclusion**

The global financial crisis has precipitated an environment of economic uncertainty. The stakes are high for those involved in labour market, VET and education planning. This paper set out to offer a

critical analysis of the relationship between the OECD and Australian VET policy officials. Here we have argued that the actions and impact of the OECD in these conditions of risk and uncertainty can be analyzed coherently via a combined epistemic communities and policy transfer analysis. In doing so, we find that the OECD operates as a structural influence; deploying ideas and expertise, under conditions of uncertainty, to promote some policy options over others.

The usual limits of space here constrain the length to which our analysis can stretch. Yet we are cognizant of two further domestic considerations that might proceed from, or even challenge, our argument. Firstly, a stronger conceptualization of state agency might view the OECD as an instrument of the state's ambitions. On this view, the OECD's detailed policy research might be regarded as a means to overcome domestic opposition to radical policy ideas, foreshorten the usual lengthy policy development timelines and facilitate rapid policy change. Secondly, domestic interest groups or industry might equally employ OECD research and advice, perhaps especially where such advice is acted upon elsewhere, to bring pressure on the government to adopt OECD ideas. The 2011 Commonwealth budget submission from the Australian Industry Group is an example of how industry bodies also rely on OECD's efforts. These two perspectives have merit, yet are beyond our present objectives.

Placing the OECD into an epistemic communities perspective provides some important insights into their role in the policy transfer of VET policies. Firstly, against the backdrop of the global financial crisis, OECD policy recommendations present domestic government officials with a safe harbour of policy ideas. In doing so, however, the expertise exerts a structural ideational power, distinguishing between acceptable and unacceptable policy options. Secondly, at an agency level, the OECD operates a conduit of policy transfer. Even within the range of policy options, the OECD promotes some as more valid than others. The relationship between these modes of operation is clearly significant, albeit contingent on the prevailing stability of the economic climate. From its post-war roots, the mission of the OECD has been to promote and facilitate trade and economic growth. Its agency in doing so is well established. Increasingly, it seems, the intellectual authority of OECD

analysis trumps national knowledge by virtue of both the resources the OECD dedicates to economic analysis and the structural dividend of uncertainty furnished by an uncertain global economy.

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