Abstract:

In this article we consider the recent refurbishment of Australian Vocational Education and Training (VET) policy and highlight the substantial, though unacknowledged, influence of OECD ideas thereupon. We claim that this case study strengthens policy transfer analysts’ understanding of the role of international organizations in the policy transfer process. To do so, this article argues that the influence of the OECD can be articulated as a channel of policy transfer via two connected perspectives: first, the OECD’s use of peer review mechanisms induces ideational competition and conformity between member states; and, second, by virtue of the OECD’s expertise and resources in select policy areas, it operates as a form of epistemic community that privileges some policy options over others\textsuperscript{1}.

\textsuperscript{1} We are grateful for the comments and suggestions of two anonymous referees, which assisted in the development of this article.
Introduction

There is little doubt that the OECD operates as one of the world’s principal mechanisms of international policy transfer. With considerable resources dedicated to gathering and generating data on the economic and social policy performance of its member countries, OECD analyses and ideas carry considerable authority amongst domestic policy officials. Although it is without direct coercive or legal power to induce policy change amongst its members, it nevertheless operates on the global stage as an ‘ideational artist’ reviewing, assessing and exchanging policy lessons (Pal, 2012, p.121). In this article, we critically examine the role of the OECD in promoting specific vocational education and training (VET) policies to its members and consider the recent and specific influence on Australian policy. Largely, the international influences on and of Australia’s VET policy have attracted very little attention even though Australia has a number of strong bilateral policy learning relationships, notably with other English-speaking countries (see Legrand, 2012). This paper seeks to explore this arena in much more detail by contributing a theoretical and empirical analysis of an OECD multi-national review of VET policy, Learning for Jobs. Using the recent changes in Australian VET policy, we suggest two connected policy transfer heuristics: (i) OECD peer review mechanisms can be regarded as an influential channel of policy transfer; and (ii) by virtue of its almost unmatched expertise and resources, the OECD can be regarded as a form of agenda-setting epistemic community that circumscribes the range of policies that are endorsed and endorsable by governments.

The structure of this article is as follows: first, we set out to outline the OECD’s function in a policy transfer context through which we briefly critique the policy transfer literature’s inattention to discursive power. We set up the two policy transfer heuristics in preparation for the case study reflecting on Australia’s experience in the OECD Learning for Jobs initiative. The case study begins with a description of Australia’s VET policy environment, pressures within the VET system while highlighting some of its strengths. Finally, we turn to a comparative analysis of the OECD’s
2009 Learning for Jobs report and the recently introduced 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. The research approach incorporates a focus on answering the ‘how’ and ‘why’ questions (Vromen 2010) to shed light on our understanding of the case at hand. This case study is underpinned by systematic analysis of publicly available material combined with stakeholder inquiry as part of the process. To effectively comprehend how policy transfer processes are influenced and how this takes effect we reflect on institutional structures both within the context of the host and home country. Indeed, understanding networks, governance regimes, role of policy actors and their actions in influencing political exchanges are meaningful concepts that underpin the argument in this article.

**The OECD in a policy transfer perspective**

Policy transfer analysis offers a public administration perspective on the process by which policy ideas move between the international, transnational, national, regional and local domains (Evans and Davies, 1999) The approach draws from and updates several theories of policy change, notably lesson-drawing (see Rose, 1991; Bennett, 1991) and policy learning (Hall, 1993). While it has clear public policy roots, policy transfer analysis has resonated across the scholarly community with what Eugene McCann and Kevin Ward describe as ‘the emergence of multidisciplinary perspectives on how, why, where and with what effects policies are mobilized, circulated, learned, reformulated and reassembled’ (2012, p.326). Principally, policy transfer analysis in its current form is associated with the work of David Dolowitz and David Marsh and, briefly, the analysis concerned with depicting the processes by which policy ideas are transmitted between states and institutions and why this occurs. It is defined as:

> the 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)

Conceptually, this early policy transfer analysis framework - described by Dolowitz and Marsh as a
heuristic (2012, p.339)- has widened its scope to accommodate critiques of the framework’s
inattention to layers of government and governance involved in the development and delivery of
policy (see Evans and Davies, 1999; Evans 2004, 2009; Stubbs, 2005). The policy transfer literature
today has a remarkable empirical breadth and includes, to take a few examples of just the past
decade: e-government (Margett et al. 2003), pension reform (Tavits, 2003), welfare policy,
(Daguerre, 2004), the European Union (Bulmer and Padget, 2004), social policy (Hulme, 2006),
smoking legislation (Cairney, 2009), early years child care (Welshman, 2010). Recent critiques of
the policy transfer literature have focused on inflexibility of the conceptual framework. For
example, McCann and Ward, note that, spatially, policy transfer analysis has for too long
maintained a ‘problematic separation between the domestic and the international’ and argued that
the sites from policies are transferred should be regarded as ‘unbounded, dynamic, relational
assemblages’ (2012, p.327). The temporal dimension too has attracted attention: Dussauge-Laguna
claims that scholarly debates have not given sufficient attention to questions of when, for how long,
and in what sequence (2012, p.2) in the policy transfer process. Focusing on these critiques, in this
article we employ a policy transfer approach to tease out the dynamics of the transnational-state
policy relationship. To do so, we analyze the relationship between the OECD (as a transnational
organization) and Australia (as a federal state) in the context of VET policy. Evans and Davies have
previously hinted at the depiction of the OECD as an epistemic community (1999, p.380). In their
multi-level analysis of policy transfer, they suggest that

‘the epistemic community approach provides us with a rich source for evaluating the role of
knowledge elites as agents of policy transfer pushing for new or changed international
practices and institutions nationally, transnationally and internationally (1999, p.365)
Despite the clear resonance with the OECD’s core undertakings, the transnational organization-state dynamic has received little attention in the policy transfer literature beyond Evans and Davies. We seek to elaborate a policy transfer perspective on the OECD via two heuristics, proposed below. These policy transfer heuristics are offered as a nuanced analysis of the varying elements involved in assessing how and why policy ideas move between the transnational and state domains. The first adopts a structural stance to suggest that the ideational power of OECD ideas is amplified in times of crisis. The second draws out the powerful effect that the OECD’s peer review process can have on countries under its scrutiny. Although we present these separately, we suggest that the two heuristics are in fact closely connected.

Heuristic 1: The OECD and the epistemic context of policy transfer

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 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)

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. 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 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 case study considered below, 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)

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 incentives 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. The recognition that many of the existing structural failures are interlinked has led the OECD to propose ‘New Approaches to Economic Challenges’ (NAEC), a revision of the OECD’s strategic frame of reference. The ambition of the NAEC framework is ‘to better assess the economic underpinnings that inform our policy advice. It also aims to better equip the OECD to deal with interlinked policy challenges, and to consider interconnections, trade-offs and policy spillovers across different areas’. In so doing, the OECD exhibits a core feature of epistemic communities: the capacity to set the agenda of what constitutes a policy ‘problem’ and,
what is more, what is or is not in 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 shape the agenda and set the parameters of what is, or is not,
considered effective policy.

Heuristic 2: The OECD Peer Review Process as a channel of policy transfer

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 and the European Union, that endorse and promote
certain policy agendas. Here the use of peer review mechanisms is regarded as a strong, though not
unproblematic, alternative to legal pathways (Radaelli, 2008). 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 clearly expressed in the work of Stone. Her work, proceeding from the multi-level governance perspective developed by Evans and Davies, argues that the 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). Thus patterns of global governance are evolving and 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. On this view, 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).

This conception of ideational competition is perhaps most clearly illustrated in the ‘peer review’ element of the OECD’s activities. In peer reviews the policy field (under review) of a country is scrutinized by fellow OECD member countries to ‘improve its policymaking, adopt best practices and comply with established standards and principles’ (OECD, 2007, 2). The peer review process commences with preparatory phase underpinned by self-driven information collation; consultation and review with peers including site visits; reporting phase that produced data, consultations, observations and recommendations; and finally the consolidated review and assessment (Pal, 2012, p.124). The peer review process encompasses several key in the creation of a community of peers who are credible, enjoy equal status amongst peers, remain transparent by following an objective process of policy inquiry which finally leads to recommendations that determine improvements and change (Pal, 2012, p.125-126). This process, according to Pagani, can amount to a form of peer
pressure incorporating ‘a mix of formal recommendations and informal dialogue by the peer
countries; public scrutiny, comparisons and, in some cases, even ranking among countries’ (2002,
p.16). The effect of peer pressure, Pagani suggests, is amplified by the public availability of the
peer review findings: ‘When the press is actively engaged with the story, peer pressure is most
effective. Public scrutiny often arises from media involvement’ (Pagani, 2002, p.16). Competition is
another driver behind this process. For March and Olsen, this element 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

For other authors, peer review is part of a broader determination of multi-lateral surveillance that,
according to Schafer, ‘is targeted at bringing states to behave in accordance with a code of conduct
or specific goals, at developing common standards and at acquiring best practices through
international comparison (Schäfer: 2006, p80). The OECD facilitates inter-state interaction on
specific policy issues. These interactions, as peer-review, have a dual function of (voluntaristic)
policy learning and (quasi-coercion) policy pressure.

**Summary of conceptual position**

These concepts frame our analysis of the relationship between the Australian VET system and the
OECD. Our empirical case study, discussed below, sets out the context and direction of VET
systemic developments, skills and workforce development policy in Australia and outlines the key
developments. The theoretical implications of the OECD’s operations are complex and
multifaceted. First, the policy recommendations made under the auspices of the OECD by a
country’s peers are a precursor to, though not necessarily as predictor of, policy transfer. The
format of best practices promulgated by the OECD unambiguously encourages countries, though
not with coercive force, to adopt recommended policies. OECD’s detailed policy research can
foreshorten the usual lengthy policy learning timelines, and facilitate rapid policy transfer and
change. As the world’s foremost repository of labour market data, the OECD determines what is
known and thus the conditions under which countries can compare themselves. There is a much
broader argument to be made here on the OECD’s dominance of knowledge: what is known and
what is knowable is largely shaped by what the organisation determines as worthwhile. Second, our
position suggests that 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. Here we have suggested that the OECD might be
regarded as an epistemic community since its 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).

We contend that, together, these connected heuristics offer a novel perspective on the
transgovernmental-state dynamic identified by Evans and Davies (1999). The epistemic influence
of OECD ideas is given effect through OECD’s peer review mechanisms. These two elements,
while separated here, are closely linked. In the next section, we use this conceptual framework to
explore the recent introduction of changes to Australia’s VET policy framework and the attendant
influence of a key OECD report, Learning for Jobs.

**Australian 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, manages most VET related statistical information, research and
policy direction. Although research work has been undertaken on the supply and demand in the VET system, this has been sporadic. It was only in 2011 that Robin Ryan, with support from NCVER, undertook a systematic historic analysis of VET policy emergence for over the last three decades. Largely, in the field of education research for post-sixteen year olds VET has been considered to be less important and the ‘poorer cousin’ of higher education.

It is important to place such issues into perspective of the current VET policy framework. The VET policy framework provides the 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). 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 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 through the development and utilisation of skills in the economy. The National VET Regulator Act of 2011 publicly operating as the Australian Skills Quality Authority (ASQA) and the Australian Quality Training Framework (AQTF) are 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’ (DEEWRa, 2008, p.82). 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 Governments (COAG) – a mechanism that involves State Premiers and Federal Ministers - 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 (SCOTSESE) (NSSC 2012).

Despite such recent changes, VET policy has been long neglected or overlooked in favour of the schooling and the higher education system. For instance, the debate, discussion about quality and the subsequent policy change that has been pursued in Australia’s higher education system has been longstanding. The positive impact of this can be seen in the sheer higher education enrolments within the system (see Vas and Koruth 2013). In contrast, the only historic periods wherein VET policy found its prominence were during the periods of the World Wars and the Great Depression – periods wherein the system needed to be revitalised to promote industrialisation (Ryan 2011, p.8).

Despite the need for ongoing policy transformation in VET to keep pace with global changes, very little change has occurred evidenced over the past decades. As Ryan (2011, p.7) explains, the reason for such lack in policy progression is because,

- policy in VET is coupled with wider upheavals in politics and society, especially those which reflect changing underlying values; and ‘policy communities’, networks of interested parties who interact in the evolution of a policy domain. (Ryan 2011, p.7)

Finding support for VET policy at the federal government level was one of the biggest challenges in the early part of the 19th century. This was overcome during the Gough Whitlam (a Labor Prime Minister) and Malcolm Fraser (a Liberal Prime Minister) era in the 1970s where legislation was passed to establish the Technical and Further Education (TAFE) Commission. Borrowing from some of the principles of ‘recurrent education’ supported by the OECD, VET policy in Australia also started to embrace a value system that was underpinned by ‘lifelong’ education and training (Ryan 2011, p.9). The rise and demise of the TAFE Council over a decade-long period saw stability and relatively little change in VET policy direction. However, the socio-economic crisis of the mid 1980s to early 1990s forced the federal government to revitalise VET policy in favour of an industry-focused approach. Through the establishment of the National Training Board and the
relevant Industry Training Advisory Bodies (ITAB) industry found itself a central role in setting training standards. To further alleviate economic problems, the federal government’s plan to spur competition in the market, implement industry standards and provide funding based on user choice saw the establishment of the Australian National Training Authority (ANTA) in the mid 1990s. Despite a change in government in the mid-1990s, which saw many of the VET policy frameworks abolished, ANTA survived a political transition and continued to function until 2005 delivering an era of stability with incremental and modest quality changes to the VET policy system (Ryan, 2011, pp. 9-15).

Despite such systemic challenges, the VET sector has been able to expand in the face of constrained resources and support, and is becoming increasingly incorporated in the schools system. Participation rates are on the rise in VET programs (Woods, 2008). Even with such improvements, the VET sector continues to garner comparatively less attention than the higher education sector. It was not until the recent recommendations emerging from the Review of Australian Higher Education (DEEWR 2008b) popularly known as the ‘Bradley Review’ that a call for stronger ties and a ‘coherent approach’ to be built between the two sectors within one tertiary education umbrella was voiced. Coupled with internal systemic challenges, the skills and labour supply issues in Australia acted as a catalytic externality to catapult VET to the forefront of the minds of policy makers. The agreement from the COAG in 2009 to transform VET quality and standards by creating a National VET Regulator amongst other systemic reforms is testament to the renewed importance provided to the sector (DEEWR 2010a). Furthermore, the Australian Government in 2011 established a $558m National Workforce Development Fund to support training and skills development (DEEWR 2011a).
The OECD-Australia VET relationship

The OECD receives a significant portion of its funding from its 34 member countries with major contributions coming from the United States (22.2%) and Japan (12.22%) and countries like Australia and Canada contributing 2.39% and 3.54% respectively (Pal, 2012, p.22). 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, p.44)."

Above we have suggested that the OECD operates as an epistemic community in the manner it disseminates knowledge on labour market policy worldwide. While Haas’ model provides a useful conceptual frame for clarifying the structural processes at work in the international VET sphere, we would not wish to conceal or diminish the complexity of relationships therein. One of the complexities is the relationship between the OECD and its member states: while it is a distinct organisation in its own right, the OECD remains constituted by its membership. Thus, ideas proceeding from the OECD are not independent of, but rather dependent on its membership. This indeed is the rationale underpinning the peer review system: states engage in peer review and competition and as a means to share data and better practice in policy. Yet states further contribute to the ideas developed within the OECD. This is illustrated by the Australian government’s activities within the OECD. The Australian Government through its Department of Education, Employment and Workplace Relations (DEEWR) and the Department of Industry, is mainly active in three OECD 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, to which Australian officials contribute ideas and information on policy and practice. Thus in such a context, the relationship between the Australian government and the OECD is well established and, importantly, can be regarded as interactive and iterative rather than a one-way flow of ideas. Indeed, 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 OECD then is a community in which Australia both contributes and derives information on better policy practice. In August 2008 during a meeting with the Secretary General of the OECD, the Minister for Employment Participation Brendan O’Connor stated that ‘Australia uses the OECD as a source of information around good policy practice’. Further, according to DEEWR publications, 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’ (DEEWR, 2010a). Even the OECD ‘peer pressure’ mechanism is regarded by DEEWR as ‘a powerful incentive to improve policy and implement non-binding instruments that can occasionally lead to binding treaties’ (DEEWR, 2010b). According to Pal, peer involvement in administering of policy studies and making recommendations for policy change is a strong reason why OECD studies continue to gain traction (2012, p.28). In this context, the prospects of OECD recommendations gaining traction in Australia are thereby heightened by virtue of the prior endorsement of the organisations ideas, though it does not necessarily follow that this occurs rapidly. Indeed, in the case study of the OECD Learning for Jobs report that follows next, the influence on the Australian government occurred incrementally over several years. The linkages that make such influence possible at all, however, are the result of the OECD’s sustained efforts to engage with its membership’s policy frameworks since its establishment. The influence of the OECD ideas are apparent in both the institutional publications associated with Skills Australia and in the final outcomes in the structure of Australian VET policy negotiated through COAG. These are discussed below.
The OECD ‘Learning for Jobs’ Review

Within the OECD, a ‘Group of National Experts’ guides VET research on Vocational Education and Training. 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* (hereafter Learning for Jobs) between 2007 and 2010. This 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. Following a series of meetings and initial analysis of Australia’s VET landscape, the *OECD Reviews of Vocational Education and Training - 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. 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. In October 2009, OECD released the initial country comparison report in which it 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 OECD project report 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 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.

In the period between the OECD project commencement in 2008 and the initial country comparison report in November 2009, the Australian Government legislated the establishment of the agency Skills Australia. This agency, with a four year budget of $19.6m and as an independent statutory authority, was tasked with ‘providing advice to the Minister for Tertiary Education, Skills, Science and Research on Australia’s current, emerging and future workforce skills needs and workforce development needs’ (AWPA 2013). In addition to staying abreast and advising the Minister on skills and workforce needs, Skills Australia was also mandated to work in partnership with industry, education and state authorities with a view to ‘provide advice on and drive ongoing reforms to the education and training sector, including on priorities for the investment of public funds’ (Skills Australia 2009). This approach of engaging across sectorial boundaries to identify policy alternatives that require public engagement to share the responsibility of implementation has been gaining prominence in the literature (see Vas and Lenihan, 2012).
For the Australian government, VET reform represented an important step to keep pace with the rapidly changing economic climate. At the time of the establishment of Skills Australia, the OECD’s initial findings from the Learning for Jobs review was gaining traction: Skills Australia’s 2010 strategic report, *Creating a future direction for Australian vocational education and training*, is foregrounded by the contention made the OECD’s Learning for Jobs report, ‘that member countries will need to compete from a base of high-quality, innovative goods and services’ (2010, p.6). Indeed, in later reporting, Skills Australia draws further from the same OECD report on student fees and funding:

> The OECD pointed out the widely varying Australian treatment of fees and diverse program and funding models across jurisdictions in its international comparative review of vocational education and training (2011, p.34)

One of the recommendations of the OECD review of the Australian VET system was that students entitled to public funding should be able to choose their VET provider and that this open competition should be accompanied by much better information on the quality of providers. (2011, p.98)

Taking into account these recommendations and the VET transformation path Australia had embarked upon with the establishment of Skills Australia, in 2011 the Australian Government also legislated the establishment of ASQA under the National VET Regulator 2011 with an annual budget of $30m responsible for registering training organisations and accrediting courses. 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 in its Australian Workforce Futures report 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 (2010, pp. 70-71). By engaging with national VET stakeholders and policy makers in different countries, the OECD Learning for Jobs report was able to draw out
commonalities across systems and, more importantly, identify opportunities wherein VET systems can be strengthened by adopting transnational policy settings. The 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. Importantly, the OECD’s efforts in the workforce development landscape, especially with regard to the analysis of Skills Australia, is an important extension to the skills policy and influences the conceptualisation of Australia’s workforce development policy thinking.

The relationship between OECD ideas and Australia policy outcomes

Just 18 months after the release of the final Learning for Jobs report, 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 referred to the difficulties brought by the downturn in the world economy: ‘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). Gillard offered the Australian States and Territories 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 COAG in April 2012. The proposed reforms were adopted in the COAG National Partnership on Skills Reform agreement. Significantly, of the OECD’s eight principal recommendations in 2008 six were addressed or directly adopted among the COAG’s ten reform directions. One of these recommendations was an endorsement of a proposal in a 2007 Australian Treasury Working Paper (Chapman, Rodrigues and Ryan, 2008) to introduce income-contingent loans (ICLs), derived from the HECS system already in place in Australia. Table 1 sets out the OECD original recommendations in the Learning for Jobs report and the subsequent agreed COAG VET policy framework.
Table 1: Comparison of the OECD VET recommendations and subsequent COAG reforms

The correspondence between the OECD Learning for Jobs recommendations and Australian COAG policy reform outcomes has significance for the conceptual claims we have made above. It demonstrates the strength of the prevailing VET discourses endorsed by the OECD. Yet with over three years spanning the recommendations and incremental change in domestic policy outcomes it is clear that this is not a rapid mechanism: the structure of Australia’s federation slows the adoption of national policy reforms in VET. At the time of the initial findings of the Learning for Jobs report, issued in 2008, the Victorian Minister for Skills & Workforce Participation Jacinta Allan, released a statement underlining the state’s explicit support for the OECD recommendations in the COAG negotiations:

This landmark report calls for fairer fees and the introduction of university-style loans, greater choice of VET providers and easier access to information about training…We have been leading the push – through the Council of Australian Governments – to have these changes adopted nationally’ (Premier of Victoria 2008).

The initial recommendations proposed by the OECD in 2008, which were reiterated in its final report of 2010, were presented with a view to ameliorate the uncertainties presented by the cataclysmic shifts in the worldwide economy. With an uncertain economic outlook, the Australian government’s adoption of the OECD recommendations is a clear indication of, at least, a consensus with the OECD’s prognosis of the changing labour market or perhaps a policy transfer relationship made possible by the OECD’s epistemic dominance in the VET policy arena. Yet, the OECD’s influence on policy is clearly not absolute: the ideas and recommendations that proceed from OECD reporting are mediated through a matrix of institutions in Australia at a state and federal level. The evolution of Australian VET policy in recent years illustrates the salience of a policy
transfer approach that captures the dynamics of a process of ideational influence rather than outright direction. The three years that separate the initial Learning for Jobs findings and substantive policy outcomes agreed by COAG underlines the slow pace of change in Australia’s federal system in which must states negotiate their interests. The trajectory of VET policy is co-determined by the states through a process of negotiation, culminating in the joint agreement issued through the peak body COAG: this necessarily involves a diverse range of agents with differing aims and interests. It is nevertheless significant that despite the multiple actors and agencies operating at local, state and federal layers the recommendations of the OECD’s Learning for Jobs report are nevertheless apparent in the COAG agreement.

If we consider the policy outcomes agreed through COAG, there is apparent inter-relationship between that the inter-relationship between the levels of the transnational, international, national, state, as suggested by Evans and Davies in their multi-level analysis of policy transfer. The foregoing analysis reveals that at the transnational, international and national levels, the relationship between the OECD and the Australian government is collaborative insofar as Australian agencies actively contribute to, and engage with, international partners and the (transnational) OECD on labour market policy generally and VET policy specifically. While Haas’ epistemic communities model imputes a network of agents who exert ideational influence on governments in times of uncertainty, the relationship between the OECD and the Australian government is made complex by the extended interaction and interchange of ideas that occurs through the government’s institutional engagement. Thus, the epistemic authority of the OECD is derived from governments endorsement of the organisation’s efforts to pool knowledge from member states and generate stronger insights into better policy and practice. The transmission of these insights occurs partly through the general peer review system outlined above, and illustrated through the Learning for Jobs case. Importantly, pathways of policy transfer here should not be thought of as simple transit of ideas from point A to point B. Rather, the recommendations and ideas posited by the OECD’s peer reviews and reflected
in the Learning for Jobs report, emerge from a pool of ideas to which the Australian government, alongside other governments, actively contributed. This is indeed reflected by the OECD’s endorsement of the use of income-contingent loans for VET, which was originally an idea that emerged from the Australian Treasury. So, the manner in which OECD ideas influence national governments benefits from the two connected analyses proposed herein: the epistemic communities model contributes to our understanding of the OECD ideational influence, while the policy transfer perspective helps highlight the mechanisms through which such influence is transmitted. In acknowledging the complex multi-level interactions that have occurred throughout the development of Australian’s VET policy framework, we can render explicit the difficulties associated with unpicking a simple causal route of policy transfer. Indeed, this approach helps us overcome what McCann and Ward’s identify as the ‘problematic separation between the domestic and the international’ (2012, 327) that policy transfer theorists have previously struggled to overcome.

Conclusion

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 ideational dimensions of policy transfer have received only limited attention and that two policy transfer heuristics can help shed light on the relationship between transgovernmental organizations and the state. In doing so, we have suggested that that the OECD operates as a structural influence; deploying ideas and expertise, under conditions of global economic uncertainty, to promote some policy options over others. 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 –based on the knowledge contributed by member states- 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, the OECD ‘peer review’ system operates as a channel of policy transfer. Even within the range of policy options, the OECD promotes some as more valid than others. These two connected heuristics promote our understanding of the ways in which ideas and policies are developed and transmitted across the multiple levels of the transnational, international, national and state posited by Evans and Davies (1999). Increasingly, it seems, the intellectual authority of OECD analysis is becoming a dominant knowledge, albeit a knowledge that its membership subscribes to, by virtue of both the resources the OECD dedicates to economic analysis and the structural dividend of uncertainty furnished by an uncertain global economy.
References:


accessed on 18 May 2012.


