

**Australia's National Skilling System and  
its Trajectory:**

**A Model and Analysis for the Period 2001-  
2006**

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## ABSTRACT

This thesis uses models drawn from innovation theory to define a construct and conceptual model of the National Skilling System as an alternative to conventional equilibrium models of the creation and deployment of skill in the economy. The model incorporates and provides a framework for locating ideas developed in European institutional economics since the 1980s and in the tradition of labour market economics particularly associated with SKOPE in the UK and the Workplace Research Centre in Australia. The model is built around a dynamic interaction between supply, demand and deployment, with the key output being the amount and type of skill that is converted into productivity across the economy at any point in time.

Based on this model, a specification and metric are proposed for tracking the skills trajectory of a national or sub-national economy, a concept extensively used by earlier authors but hitherto lacking an unambiguous or operational definition. The metric is based on separate but linked indices of skill-intensity and task discretion, derived from Spenner and modelled on the structure of the UK Skills Surveys, but with substantial modification to accommodate the less rich data available for Australia.

As a first step towards operationalising the model, data from HILDA, an annual panel survey of 8,000 Australian households, are used to analyse patterns of skill-intensity in Australian jobs over the six waves of data currently available and the influences behind them. Australian respondents appear from these data to be more satisfied than their UK counterparts with the degree of skill they exercise in their jobs, the opportunities their work provides for on-the-job learning, and the amount of control they have over their work. However, there is no evidence over this period of aggregate growth in skill-intensity. The significant changes in the key indicators of skill-intensity have been small but uniformly negative, while the trend for task discretion has been flat, slightly declining or slightly positive depending on the measurement method. The analysis examines the distribution of these trends by workforce category and age cohort, and finds significant discrepancies between skill-intensity and task discretion in individual occupations, especially at the higher-skilled end. Possible explanations and policy implications are considered, together with recommendations for follow-up research.

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## **Abbreviations used in thesis**

ABS	Australian Bureau of Statistics
ACCI	Australian Chamber of Commerce and Industry
AIG	Australian Industry Group
DEET	Department of Employment, Education and Training
DEETYA	Department of Employment, Education Training and Youth Affairs
DEST	Department of Education, Science and Training
DEWR	Department of Employment and Workplace Relations
DEWRSB	Department of Employment, Workplace Relations and Small Business
DOT	Dictionary of Occupational Titles (US)
ESRC	Economic and Social Research Council (UK)
FaHCSIA	Department of Families, Community Services, Housing and Indigenous Affairs
HILDA	Household Income and Labour Dynamics in Australia
NSS	National Skilling System
SKOPE	Centre on Skills, Knowledge and Occupational Performance (UK)
TAFE	Technical and further education (refers in Australia to the public system only)
TCF	Textile, clothing and footwear manufacturing
VET	Vocational education and training