A Conversation: What could be the big leap forward for Australia's policy on skills?

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Introduction

As the outgoing Managing Director of Australia’s largest TAFE system I’d like to take this opportunity to reflect on my experiences navigating the skills policy landscape over recent years.

From where I’ve been sitting, as a provider operating both in the skills and higher education sectors, the policy landscape has felt a bit like being on a merry go round where the same issues are revisited and recycled with no real destination.

The endless reviews and tweaking of policies has resulted in our system being extraordinarily complex and almost un navigable by employers and students. And I believe we are a point of complexity where we are no longer able to clearly articulate our policy objectives.

So perhaps the essential question for discussion today is how we take a big leap off the policy merry go round and think about where we want to land in the future?

Our current policy landscape

The VET system has long been regarded as the sector most closely connected to and driven by the skill needs of the economy. But system wide policy solutions in Australia over the past decade have hindered rather than supported training institutions like TAFE innovating and adapting to the changing skill needs of our economy.

For too long VET has been internally focused and distracted with debates about market design, contestable funding models, funding subsidies and regulatory reform.

Skills policy has lagged to address ongoing quality and funding issues, and despite endless efforts we face many of the same problems today as we did a decade ago. Poor quality practices and unscrupulous providers are still a blot on the VET sector landscape and attempts to lift the quality bar have done little more than add to the complexity and already burdensome compliance costs for providers in the sector.

The complexity of our funding and regulatory environment has also hindered our ability to innovate to address the skill needs of tomorrow. Many of our most successful industry partnerships such as the Lend Lease Barangaroo Skills Exchange or the Hunter Komatsu partnership have happened in spite of, not because of specific policy settings.
And despite the vision during the Bradley Review\(^1\) for equal status for the VET sector with higher education, we are still seen as the poor cousins to the schools and university sectors when it comes to funding policies.

A big leap forward is certainly needed to turn this around.

**Looking forward**

The recent headline in *The Australian* on 24 August “*two-thirds of students training for jobs that won’t exist*” is a wakeup call for the VET sector and for us all.\(^2\)

Digital disruption of our economy is real and we are running out of time to respond. We now know that in 10-15 years’ time, 40% of jobs today are at risk of no longer existing, due to forces such as automation.\(^3\) We need to ask ourselves, how well are we preparing our students today for this reality?

And it’s not just the industries we serve that are being disrupted by technological change. The impact of digital disruption on the education sector itself is described by recent CEDA research as “*the long fuse with the big bang*”.\(^4\)

Our students now have more choices and are demanding more flexible approaches to learning. The growth in demand for online enrolments in our sector is growing rapidly but completion rates are poor. If we don’t address these issues today with more sustainable and pedagogically sound approaches to flexible learning we’ll end up being part of that ‘big bang’ at the end of the fuse.

**Redefining the issues**

For me, the big leap forward for Australia’s policy on skills would involve a shift in our thinking away from the internal issues that have dominated our thinking in the past and to start focusing on the skill needs of the economy in the future.

*From teaching competencies to capabilities:*

For a starting point I would recommend a long hard look at our approach to qualifications.

The model of competency based training that Australia adopted in the late 1980s is still in use today. Yet the nature of work and employment has changed significantly in the last 35 years.

Competencies within training packages tend to be functional and task-based, built on the old industrial model of employment which is less and less relevant. Recently, Greg Craven wrote in *The Australian on 5 August* that “*Courses have in the past been designed according to history or industrial muscle.*”\(^5\)

Skills policy needs a new way of aligning our training priorities with the country’s economic and workforce needs.
The narrow definition of competencies in training packages has distracted us from our important role as educators in shaping new and more relevant pedagogical approaches to up skilling our workforce to remain competitive as a nation.

Rather than narrowly defining job competencies we should be working closely with our industry partners and shifting our thinking and teaching to more broadly defined capabilities. A focus that equips our students for an environment where jobs are rapidly evolving with advances in technology.

We also need a greater focus on our capability as educators to address critical Language Literacy and Numeracy (LLN) and Science, Technology, Engineering and Maths (STEM) skills to equip the workforce of tomorrow.

*Moving away from tinkering with ‘market design’*

The sector also needs to get over its total obsession with market design and contestability. Contestability is not policy objective in its own right and the VET sector in Australia is an artificially constructed market.

TAFE’s role as the public provider needs to be recognised upfront in designing funding models rather than being used as a mechanism to address market failure. TAFE has real capacity to add value to industry and communities by addressing areas of social and economic disadvantage and specialist skill needs especially in rural and regional Australia.

The focus on contestability as a policy driver has also resulted in endless tweaking of pricing and funding approaches. This adds costs and complexity for providers and barriers for students trying to navigate the system.

We also need to move away from trying to design an effective regulatory framework that treats all RTOs the same and recognise that TAFE has an important role to play in a healthy training market. TAFE sets the benchmark for quality teaching and learning, we have deep academic, curriculum and pedagogical capability, and a lot to contribute to designing training products.

Instead of dumbing down the VET sector with minimum qualifications for trainers and assessors, quality providers such as TAFE should be acknowledged and recognised for their capability and expertise.

*From a separate vocational sector to a seamless tertiary sector*

A great leap forward would also see serious consideration given to VET’s secondary status and position within the broader schools and tertiary education sectors.

A recent comparative analysis of expenditure on education across the three sectors by the Mitchell Institute shows a continuation of the existing trend. While spending on schools and universities has risen significantly over the last decade, there has been a much lower rate of growth in VET spending, and now even a decline, as the other sectors continue to grow.⁶
Without careful consideration, the prospects of further higher education funding reforms will be the next policy tsunami to have unintended consequences for the VET sector.

If we want student pathways to be effective, we need to use the student as the focus of policy and funding reforms to achieve equilibrium across the sectors. Despite the uncapping of HECS funding for universities, lower socio economic status students are still underrepresented in university higher education unlike in TAFE.

**Conclusion**

We’ve all been guilty of jumping on that merry go round and joining the debates about skills policies over recent years. But change is real in our economy and our sector and it’s time for a new mindset.

We need to open our thinking to transformative approaches to skills policy. This includes moving away from an endless focus on market design and embracing a more seamless and future focused approach to thinking about skilling our workforce.

No industry sector today will survive the digital revolution without innovation, and its innovative thinking we need for the big leap forward for Australia’s policy on skills.

**Notes**

2. Two-thirds of students training for jobs that won’t exist, *The Australian*, August 2015.
5. Vocational training: The system is in urgent need of repair, *The Australian*, 5 August 2015.