Vocational Education Summit

Monday 21 November 2011

Have we got the right vocational models to meet workforce needs?

TAFE Directors Australia

By way of background, TAFE Directors Australia (TDA) is the peak national body incorporated to represent Australia’s 59 publicly funded Technical and Further Education (TAFE) institutes. The core business of TDA is to support our member institutes and lead the advocacy for quality skills development in Australia at a national level.

Australia’s 59 TAFE institutes have 77% of publicly funded students and deliver 84% of publicly funded accredited national training in more than 1300 locations across all states and territories.

TAFE Directors Australia

On behalf of its members, TDA:

- develops policy positions
- conducts projects
- organizes a major annual Conference and other seminars and
- advocates for members’ interests with federal politicians and senior government officials.

TAFE institutes

- TAFE institutes are variously known as Institutes, Colleges and Polytechnics and, in Australia, include five dual-sector universities.

- They are the major deliverers of accredited training and education across the spectrum of the Australian Qualifications Framework (AQF).

- Their delivery includes senior secondary school certificates, vocational certificates, diplomas, advanced diplomas, associate degrees, bachelor degrees
and graduate qualifications, in a range of contexts – institutional, workplace and online – and in partnership with a variety of national and international organizations, including schools, colleges, universities, enterprises and community organizations.

- They have a large national footprint

**Have we got the right vocational models to meet workforce needs?**

To use the oft repeated quotation from former Secretary of Defence, Donald Rumsfeld in 2002:

*There are known knowns; there are things we know we know. We also know there are known unknowns; that is to say we know there are some things we do not know. But there are also unknown unknowns – the ones we don't know we don't know*

In plainer language my answer to the question, **Have we got the right vocational models to meet workforce needs? yes and no.**

I would argue that the test of whether the vocational educational models are right is whether the models hold three criteria in balance:

That as a result of vocational and education programs:

1. Australian enterprises have access to people with the skills they need;
2. Individuals gain vocational and education skills enabling them to gain employment and equipping them to gain further skills or undertake further education
3. All sections of the community have access to, and are able to participate in vocational and education programs.

That is, Australia does **not have the right models of vocational education and training if:**

- Significant numbers of enterprises do not have access to the skills that they need
- Individuals are not able to use the skills gained by undertaking vocational programs to gain employment and access further study
• Sections of the community do not have access to, or are denied the opportunity to participate in vocational education programs

NCVER surveys indicate that Australian employers record relatively high levels of satisfaction with VET training. These surveys similarly record high levels of satisfaction by individuals undertaking VET training.

There are other indicators of vocational programs having the three criteria in balance:

• The many successful alumni who are employed and those that proceed to further study
• Strong partnerships with industry as documented by Dr John Mitchell in recent case studies of NSW TAFE institutes
• The involvement of industry in setting vocational standards that represent contemporary workplace practice (through Training Packages and other mechanisms)
• The participation of people in VET in regional areas at a greater rate eg than their participation in universities, at least in NSW
• The eagerness of many universities to partner with TAFE institutes to improve pathways into further study
• The use by many TAFE practitioners of the latest technology in meeting the educational and employability needs of students, especially those in regional locations. I witnessed this technology on display at a conference in Port Macquarie last week. Apparently emails are passé, as are USB sticks. We should now all be in the Cloud!

Let’s looks at the other side of the ledger however:

There are signs however that at least some of the current vocational models are not meeting the three tests of meeting the needs of enterprises, individuals and communities.

1. Vocational education and training programs are now embedded in the final years of secondary schools, however a consistent message about many of these programs is that they do not have the confidence of employers, nor do they produce graduates that continue with their vocational studies.
2. Employers, as reported by Skills Australia in the *VET Roadmap*, lack confidence in the consistency and rigour of assessment by VET providers.

3. Completion rates for some VET courses, as reported by NCVER, are as low as 30% (although to be fair they are around 80% for module completions).

4. Retention rates in some apprenticeships are less than 50%.

5. Despite the considerable resources that have been devoted to creating pathways between VET courses and higher education courses, there have only been small advances and they have been mainly personality driven rather than systemic.

6. Participation rates of Indigenous people in VET are still very low.

**So does Australia have the right models to meet workforce needs?**

Before we can answer this question we need to be clear about context.

I am speaking from a TAFE perspective because that is TDA’s constituency.

TAFE institutes as public providers are public entities owned by State and Territory Governments, although with an increasing level of funding coming from the Australian Government for specific programs. States and Territories have differing policies on funding, fees and charges and governance.

Nationally, TAFE institutes have traditionally been the major providers of vocational programs.

The TAFE sector, however, does not exist in a bubble. TAFE institutes straddle the space between secondary schools and universities and decisions made in each of these sectors also affect TAFE institutes.

Decisions about whether, and how, to participate in vocational education programs do not occur independently of options in other education sectors. Policies intended to increase school retention to Year 12 and to greatly expand the availability of places at Australian universities are already influencing patterns of student demand in TAFE and this is likely to become more significant in 2012.
While there are many aspects of the TAFE/school interface that could be explored, the major focus of my presentation today will be developments in the TAFE/Higher education interface and in particular the emergence of a tertiary sector.

I will be exploring whether these developments provide the right skills sets for employers or allow individuals to acquire the vocational and educational skills they will need or give communities greater educational opportunities?

My presentation

In my presentation today I will focus on a number of factors including:

1. The policy context:
   - COAG targets
   - The Bradley Review

2. Australian Government policy levers

3. The emerging tertiary education sector

4. The scorecard for vocational programs

The Policy context

Prime Minister Julia Gillard in a speech to the Committee for Economic Development of Australia (CEDA) on 1 February 2011 outlined the challenge facing Australia:

“After three decades when unemployment was our major problem, we now face shortages of labour – a problem unmatched anywhere in the industrialized world”.

She went on to say that “it is vital that we unlock all the potential of our labour market for young people and adults…The government’s goal is to create the best education system in the world, including a world-class, market-driven TAFE and vocational training system”.

There were a number of key messages in the Prime Minister’s speech:

- Australia has ‘skills shortages’: the Prime Minister referred to a likely shortfall of 36,000 trades people for major resource projects by 2015.

- There needs to be strategies to encourage greater workforce participation, especially of youth and adults who are seeking more work and people on disabilities pensions.
• The **productivity committee of the Federal Cabinet** is working on “overhauling vocational training”

The key words are **participation** and **productivity** – the sub text is increased participation in and success of vocational models.

**Council of Australian Government’s (COAG) targets**

**Increasing participation** is the key driver behind the COAG targets for 2020 which are to:

- Halve the proportion of Australians aged 20-64 years without a Cert III qualification
- Double the number of high level qualification completions (Diplomas and Advanced Diplomas)
- Raise the proportion of young people achieving Year 12 or equivalent qualification to 90% by 2015
- Halve the gap for indigenous students in Year 12 or equivalent attainment by 2020.

These are ambitious targets but they underpin a range of Government policies, as do the targets identified by the review led by Emeritus Professor Denise Bradley AC, *Transforming Australia’s Higher Education System*.

**The Bradley Review**

The Australian Government commissioned Professor Denise Bradley to lead a review of Australia’s higher education system.

The Bradley Review *Transforming Australia’s Higher Education System* is a watershed document for Australian tertiary education.

The Report’s recommendations included:

1. **key targets for attainment:**
   a. 40% of all 25 to 34 year olds to hold a qualification at Bachelor level or above by 2025
   b. 20% of higher education enrolments at undergraduate level to be students from a low SES background by 2020
2. a demand-driven funding system for undergraduate student places from 2012
3. new quality arrangements
4. income support reform
5. increased funding to support participation by low SES students.

The focus of the Bradley Review was clearly on universities; nevertheless, key recommendations of the Review have had significant implications for the TAFE system and its vocational models.

Professor Bradley advocated “a more coherent approach to tertiary educational provision”

The then Education Minister Julia Gillard responded to the report with a promise to improve “the seamlessness of qualifications, fees, income support and regulatory oversight”.

**Australian Government policy levers**

The Government established a **framework for a tertiary sector** via:


- The revised Australian Qualifications Framework (AQF) which presents a continuum of qualifications within a single qualifications architecture. The intention was that the AQF would ‘result in an increasingly integrated tertiary sector, with stronger pathways between VET and Higher Education’ (MCYEETA).

- the establishment of new national regulatory arrangements.

Additionally the Australian Government has initiated a range of funded programs and reviews designed to achieve greater participation of all Australians including those entering training, those in the workforce; people from low SES backgrounds and people from regional and remote areas of Australia, through a variety of programs:

- **Uncapping the funding for undergraduates** in public universities from 2012
  In what Andrew Trounson described in article in the Australian newspaper on 8 November 2011, as “the biggest policy change in universities since the
1980s Dawkins reforms…..the Gillard government from next year will remove caps on the number of government-funded places they can offer. It is aimed at increasing university participation to expand the country’s skill base.”

- Increasing the number of people entering training or reskilling through competitive funding of training places via the Productivity Places Program

- Increasing the number of people from low SES backgrounds undertaking university degrees via a range of programs including the Higher Education Participation and Partnerships Program, targeted at universities partnering with schools to boost participation and the Structural Adjustment Fund to allow universities to adapt to a broader student clientele

- Promoting the participation of students in higher education qualifications from regional and remote areas through eg the Review of Regional Loading.

TDA maintains that these programs are not necessarily achieving the right vocational outcomes for employers; for individuals or for communities for the following reasons:

- For the most part the programs are primarily directed towards improving the effectiveness of public universities, rather than supporting vocational education programs.

TDA is concerned that the current intense policy focus on higher education will over the longer term even further limit the provision of vocational programs.

The policy gap has widened:

- While universities have been given access to a Structural Adjustment Fund to help them adapt to the new demand-driven system, there has been no parallel funding for TAFE institutes who provide vocational programs, “despite similar challenges” and there are other funds earmarked for universities eg the Higher Education Participation and Partnerships Program.
There are now two separate regulatory arrangements for HE and VET. The very different founding legislation casts doubt on whether the two regulators can come together as a single tertiary regulator.

- Where the focus is on vocational programs and VET providers, the current government policy emphasis is on developing a competitive training market. To TDA such a focus on competition and contestability has become an end in itself rather than a means to improving choice and diversity in vocational programs.

There is considerable evidence that the continuing drive to reduce the cost of training to the lowest possible level has reached a point where it is now compromising the quality of delivery. This will impact on the acquisition of relevant and transferable workforce skills.

This was very evident in the mid-term review of the Productivity Places Program which revealed that much of the training delivered via the PPP had been in quick-to-deliver areas of skill development that did not necessarily target areas of skills shortage.

In principle, TDA supports:

- competition that challenges providers to be more attuned to their clients, whether they are students or enterprises, within Australia, or abroad
- competition that fosters more diverse and more innovative responses to client needs.

TDA believes, however, where competition and contestability are focused on cost-price, there can be negative consequences. That focus will:

- drive down quality of provision
- foster high risk operations
- be a disincentive to innovation and diversity
- unfairly advantage some providers (that is, not a level playing field)
- skew delivery to cheap courses rather than areas of skill need
- not facilitate tertiary interconnectedness

Such a focus will not support or give rise to the growth of the “right” vocational models for the workforce.
Any move to a fully contestable training system, as is being implemented in Victoria, entails a significant risk of actually reducing workforce participation as the continued reduction in funding for TAFE institutes renders them unable to provide either the necessary diversity of programs, or the additional support and guidance that disadvantaged students need.

There is certainly a significant risk that the provision of vocational programs that are more expensive or technical and relate to skills shortage areas will suffer. Already in Victoria there has been major growth in programs such as fitness training.

It is however hard to evaluate whether the vocational programs on offer in Victoria are achieving the right balance of meeting the needs of students, employers and the community in the absence of comprehensive and consistent data across the VET sector.

We do know that very dramatic changes are being introduced- leading to a phenomenal change in market share of private providers at a time when the new VET regulator is barely established.

**The emerging tertiary sector – a case study**

What are vocational models?

Dr Tom Karmel, CEO of NCVER in a journal article in April 2011 argued that “In the Australian context it is becoming apparent the notion of vocational education and training is becoming cloudy and that demarcation between higher education institutions and vocational education providers is becoming blurred”.

We have always had universities and over the last couple of decades dual sector institutions but in the last few years a new type of multi-sector institution is emerging from the TAFE institutes. These institutions offer a range of vocational programs, traditional VET programs Certificates I-IV, including apprenticeships, and diplomas and advanced diplomas. But they are increasing their higher education program offerings Diplomas, Associate Degrees and in a number of cases they also offer bachelor degrees in their own right or in partnership with universities.

It is those higher end tertiary qualifications that are at the interface with universities that are challenging the meaning of vocational programs.
Eleven TAFEs are now registered to offer higher education, and the whole SA and NSW TAFE systems are now registered to offer higher education qualifications. TAFE institutes offer higher education in every state except Tasmania and in the Northern Territory where it is part of the dual-sector university.

TAFE institutes are moving into the tertiary space because governments have been promoting and encouraging greater participation in higher educational qualifications.

The emergence of a ‘tertiary sector’ in Australia mirrors developments in a range of Anglophone countries, in particular the UK, the United States of America and Canada.

The drivers for this development in all these countries are similar:

- changing economic circumstances and industry practices
- changing client expectations and demands and
- government policies.

The mid-level technical, para-professional and professional occupations for which further education colleges (UK)/community colleges (USA/Canada)/ TAFE institutions/ dual sector universities have traditionally provided training, increasingly require, or expect higher education qualifications for entry to the occupation or for career progression.

TDA maintains that that a vibrant and diverse tertiary sector which redraws, or redefines the boundaries of higher education and vocational education provides a significant opportunity for getting a right vocational model for the workforce and boosting Australia’s productivity.

There are many models in this emerging tertiary space - from TAFE institutes achieving registration as Higher Education providers in their own right, through offering bachelor degrees and other higher education qualifications in partnerships with universities, to simply providing articulation arrangements from VET qualifications to higher education qualifications.

TDA maintains however that not all of these models are sustainable. For TDA too many of them are reliant on local arrangements and individual good will rather than on a systemic approach to creating opportunities for individuals to access higher education qualifications, or to gain employment.

Overall TDA maintains that TAFE institutions are an integral part of a diverse tertiary sector, as both standalone institutes offering higher education degrees, or as
partners of other higher education providers and as partners in dual sector universities.

**The scorecard**

It is hard to give a definitive answer to the question of whether vocational models are meeting the needs of individuals, employers and communities.

In the same vein, the Productivity Commission is currently undertaking an inquiry into whether the COAG reforms have met the needs of the workplace. The Commission intends to apply sophisticated modelling to arrive at some conclusions, but acknowledges that there is a lack of consistent data on which to base these conclusions.

**CONCLUSION**

TDA argues that since late 2008 when Bradley proposed “a more coherent approach to tertiary educational provision”, the policy settings that separate TAFE and Higher Education have, in fact, been widened.

TDA has argued that TAFE institutes either in their own right or as partners with universities are well placed to assist the Government achieve its participation and productivity targets:

- have a strong track record in working with students from low SES backgrounds (in fact, TAFE scores higher than HE on all equity benchmarks)

- support industries and enterprises to achieve their workforce development goals

- have developed specialist expertise in a range of niche industry areas, for example, viticulture, equine studies, design, and in areas of critical skills shortage, for example, nursing

- have a very large footprint nationally, with an especially strong presence in a range of regional centres.

A tertiary sector is emerging in the absence of a national policy framework, however a single tertiary sector is not yet realised
In the meantime vocational programs offered by TAFE institutes are declining in some States and regions, qualifications completion rates are low, employers and governments are still struggling with skills shortages in key industry areas.

Clearly our vocational models are not yet right and clearly more work needs to be done to get them right. However there is considerable promise if a new diverse tertiary sector can be realised.