



Submission to the Inquiry into School to Work
Transition:

**The contribution of vocational education
and training to the tertiary education
system**

House of Representatives Standing Committee on Employment,
Education and Training

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The contribution of vocational education and training to the tertiary education system

Overview

TAFE Directors Australia (TDA) welcomes the opportunity to make this submission to the House of Representatives Standing Committee on Employment, Education and Training for the Inquiry into School to Work Transition.

TDA congratulates the committee on its concern for supporting young people into work, including through post-school education. There are profound changes expected within job roles across industry sub-sectors as automation replaces routine activities, even within professional services. Typical organisation (even industry) hierarchies, designed to efficiently allocate tasks and resources and monitor efficiency and quality, are also likely to be transformed. Communications technology allows consumers to be more self-directed through on-line platforms and controls normally facilitated through hierarchies are replaced with better analytics and feedback loops to the centre of the organisation (sometimes referred to as dis-intermediation). These phenomena point to a fundamental re-think of the approach in tertiary education, particularly in vocational training which is the focus of this high-level submission.

For Australia's firms to remain competitive, the tertiary system needs to prepare young Australians for the jobs of tomorrow. Despite the fact that higher level technical skills are expected to be in higher demand, young people are increasingly choosing university; meanwhile, the vocational education and training system is seen as a second choice.

In the face of job losses arising from automation and dis-intermediation, the vocational education and training (VET) system must be transformed to ensure all school leavers who choose to pursue a tertiary qualification have the information that allows them to make the best choices possible, and that tertiary qualifications include the broad technical knowledge and employability skills that enable learners to engage in productive work over their working lives.

TAFE Directors Australia argues that:

- Young people, their parents and career advisors need better information to make decisions about education and training;
- The choice between higher education and VET shouldn't be seen as an 'either/or' option; instead tertiary education should be seen as a continuum with permeable pathways between the two; and
- Education and training should place greater emphasis on the technical and employability skills that learners will need throughout their careers.

Make Quality Information Available

TDA contends that prospective students seeking to enter tertiary education have neither the information nor the guidance that will enable them to make the choices that are best for their future careers. Students who may be better suited to a VET education in TAFE are directed towards universities because:

- Career advisors have limited knowledge of and experience with VET and TAFE;
- Decision-makers and influencers don't have the data that would allow them to make accurate comparisons between pathways; and/or
- It is assumed that a university degree will lead to good employment outcomes

A university degree should not be seen as the sole option for young people. The current demand-driven funding model for universities risks supply of higher education graduates outweighing the jobs in the economy needing those levels of skills and knowledge. Like with any market, higher supply means decreasing value. Since 1997, the number of people attending Australian Universities has doubled¹. Meanwhile, median starting wages for graduates have declined in real terms², as has the full-time graduate employment rate³. Nevertheless, many jobs that have traditionally required VET will remain in the economy. According to a recent report by the Skilling Australians Foundation⁴, VET (and TAFE) graduate outcomes are comparable if not better than for graduates of university programmes.

For young people to make good careers decisions, this information must be made available to them and to their parents. Career advisors, few of whom have any knowledge of Australia's VET system and its employment outcomes, need to understand what this information means for young people, and be trained to provide it.

Recommendation: Data that accurately compare VET and higher education sector job outcomes, including starting salaries, student debt, and short- and long-term career pathways, should be collected, collated and effectively communicated to young people, through career advisors as well as through a national media campaign.

¹ Department of Education and Training. 2015.

² Graduate Careers Australia. 2016. Graduate Salaries 2015. A report on the earnings of new Australian graduates in their first full-time employment. <http://www.graduatecareers.com.au/wp-content/uploads/2016/07/Graduate-Salaries-Report-2015-FINAL1.pdf> Accessed 28 July 2017.

³ Graduate Careers Australia. 2015. Grad Stats: Employment and salary outcomes of recent higher education graduates. http://www.graduatecareers.com.au/wp-content/uploads/2015/12/GCA_GradStats_2015_FINAL.pdf Accessed 31 July 2017.

⁴ Wyman, N. et al. 2017. Perceptions are not reality : myths, realities & the critical role of vocational education & training in Australia. Skilling Australia Foundation.

Promote Permeability Between Higher Education and VET

Very few young people will have the luxury, enjoyed by their parents and grandparents, of being able to stay in the same job throughout their lifetime. This constant state of flux – across occupations, employers, and sectors – means that they will need to be lifelong learners, with agency over their training and career development. The current bifurcated model, with VET on one side and higher education on the other, will not support the jobs of the future.

Vocational skills can and should complement academic ones, and vice versa. For example, graduates of university humanities programmes could benefit from VET skills in marketing, copywriting, or public relations. Similarly, graduates of a diploma programme in ICT should be able to articulate into a university computer science or engineering programme. This permeability between the two sectors, but especially the value-added potential of VET for university graduates, should be recognised and communicated to prospective students.

Recommendation: The links between VET and higher education should be strengthened, and the complementarity of the two sectors, especially in terms of how they can come together to support career progression and lifelong learning, should be recognised more broadly.

Recommendation: The need for lifelong learning strategies should be emphasised as early as possible in schools, VET, and higher education.

Most VET graduates are not working in the occupation they trained for. However, most are working in a job for which the training was relevant⁵. This supports a broader approach to VET qualifications, where they prepare learners to work in a particular sector, rather than in a particular occupation. Moreover, given the changing nature of work, this approach is more cost-effective as it prepares graduates for a greater number of jobs, meaning they will need less time for retraining.

Australia's training system has been criticised for its proliferation of qualifications⁶. New Zealand has adopted a vocational streams approach to VET qualifications⁷. Germany has rationalised its VET qualifications. It is time for Australia to do the same. This should result in a significant reduction in the number of VET qualifications and streamline

Recommendation: The breadth of individual VET qualifications should be increased, with less of a focus on skills for specific occupations, and more of a focus on imparting knowledge and skills for a broad vocation. This will ensure a better match between qualifications and the labour market because it will better prepare young Australians for a range of job roles relating to their field of study, and will reduce their need for retraining⁸.

⁵ NCVER. 2017. Student outcomes survey.

⁶ Hoeckel, K. et al. 2008. Learning for Jobs OECD Reviews of Vocational Education and Training – Australia.

⁷ Ministry of Education, New Zealand. <http://www.youthguarantee.net.nz/vocational-pathways/> Accessed 29 July 2017.

⁸ Wheelahan, L. et al. 2015. Linking qualifications and the labour market through capabilities and vocational streams. NCVER, Adelaide.

Prepare Young People with Skills and Knowledge for Future Work

Higher level technical skills form the basis of VET diplomas and advanced diplomas, as well as degrees and graduate certificates offered by TAFE and other high-quality VET providers. It is these skills that will drive developed economies, including Australia's, into the future^{9,10}. According to the OECD, developed economies will need higher technical skills to 'compete on the quality of the goods and services they produce'¹¹. Research from Europe has found that skills mismatches are greatest between supply and demand of high-level VET qualifications¹²; Australia appears to be facing the same challenge^{13,14}.

It has further been predicted that jobs supported by VET qualifications (at multiple levels) are less susceptible to automation¹⁵. In short, VET is able to meet employers' demand for skills, and will be able to do so in the long term, with holders of VET qualifications less affected than many other workers by the automation that is sweeping across Australia's economy. Moreover, high-quality VET qualifications combine the hard and soft skills employers need with the knowledge that underpins those skills. This means that holders of these qualifications won't need to be retrained as often or for as long as many of their peers.

The Foundation for Young Australians¹⁶ predicts an increase in the need for transferable (employability) skills in the workplace. These include:

- Critical thinking and problem solving,
- Written and verbal communication, and interpersonal skills,
- The ability to learn,
- Science and maths, and
- Digital skills.

These skills are embedded across VET and higher education qualifications, but their importance is not adequately recognised by either. Their importance in VET qualifications is downplayed in favour of narrow technical skills, and in higher education in favour of specific content¹⁷.

Recommendation: Both the VET and higher education sectors should articulate how these transferable skills are developed across programmes of study, and ensure they are clearly communicated to students. In the VET sector, training regulation and products should allow providers the flexibility to embed these skills in their training curricula, ensuring they are developed adequately.

⁹ OECD. 2010. Learning for jobs.

¹⁰ OECD. 2014. Skills beyond school.

¹¹ OECD. 2010. Learning for jobs. (p.9)

¹² CEDEFOP. 2014. Skills mismatch: more than meets the eye. Briefing note, March 2014.

¹³ Reeson, A. et al. The VET Era. Equipping Australia's workforce for the digital economy.

¹⁴ TAFE NSW Western Sydney Institute & Western Sydney Business Connection. 2015. Skills Barometer 2015. Building a skilled workforce for Greater Western Sydney.

¹⁵ Oliver, D. 2016. Getting over middle child status. In CEDA, VET: Securing skills for growth.

¹⁶ Foundation for Young Australians. 2017. The new work smarts: Thriving in the new work order.

¹⁷ Wheelahan, L. et al. 2015. Linking qualifications and the labour market through capabilities and vocational streams. NCVER, Adelaide.

Summary

The recommendations presented in this submission would greatly facilitate the school to work transition of young Australians. Better information, and increased comparability of data would help them make career choices that maximise their contributions to the economy. Broader qualifications will prepare them for a greater number of jobs, and minimise the amount of retraining. Better bi-directional pathways between VET and higher education and giving young people the skills to be lifelong learners, will allow students to maximise their potential in an ever-changing labour market. Finally, a greater focus on transferable, employability skills, and understanding how they apply in different sectors and contexts, will ensure the future competitiveness of Australia's economy.

ABOUT TDA

TDA is the peak body incorporated to represent Australia's government-owned Technical and Further Education (TAFE) institutes and university TAFE divisions, and the Australian-Pacific Technical College (APTC).

TDA operates a National Secretariat, and enjoys full membership of all TAFE Institutes in states and territories, including six dual sector universities and the eleven TAFE institutes currently registered as Non-University Higher Education Providers (NUHEPs).

TAFE enrolled more than 2 million students in 2015, and our members continue to enjoy a majority share of government-funded training. TAFE remains the dominant partner in vocational education and training (VET) across most of Australia's core skilled occupations, and with major Australian industry.

At a wider sector level, VET is the major component of the tertiary education system; NCVER confirms VET enrolled three times as many students undertaking some form of accredited training, albeit with many on a sessional basis, as those attending universities across Australia in 2015 (4.5 million¹⁸ compared to 1.4 million¹⁹ respectively).

¹⁸ NCVER. 2015. Total VET students and courses.

¹⁹ Department of Education and Training. 2015. Student Summary.