



SKILLSIQ

CAPABLE PEOPLE MAKE CLEVER BUSINESS

The Australian Universities Accord – consultation on the Terms of Reference

Submission prepared by SkillsIQ Ltd.

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1.0 Introduction

SkillsIQ welcomes the review of Australia's higher education system and the establishment of an Australian Universities Accord to drive improvements in the quality, accessibility, affordability and sustainability of the sector. As a sector supporting more than 1.6 million students,¹ and a workforce of approximately 129,000 full-time equivalents (FTEs)² across Australia, higher education's contribution to the wider economy is significant. Estimates indicate the direct economic contribution of universities is valued at \$23.2 billion³ representing operating activities, purchases and international student spend. This year the Government committed the most it ever has in its budget to higher education, a total of \$20 billion in 2022-23 to strengthen research, educational outcomes and support the sector's recovery and skills development.⁴

Australia's higher education sector was significantly disrupted by the COVID-19 pandemic, with the closure of Australia's international borders severely debilitating the sector's international education stream. The recovery remains an ongoing challenge. The pandemic also raised particular challenges for the sector in terms of delivery models (i.e. off-shore, digital)⁵ and viability of operations in light of the reduced international revenue. The Accord therefore brings on a timely review with the aim to support the sector (and wider education industry) to address its policy and operational challenges.

1.1 SkillsIQ's statement

SkillsIQ agrees in principle with the seven (7) key priority areas set out in the Terms of Reference. Our knowledge and experience positions us well to provide specific commentary for consideration across the following areas:

- Priority Area 1: Meeting Australia's knowledge and skills needs, now and in the future
- Priority Area 5: The connection between the vocational education and training and higher education systems

SkillsIQ welcomes the opportunity to support the Accord Panel with its review and discuss in more detail any of the points raised in the submission.

1.2 About SkillsIQ

SkillsIQ is an independent, not-for-profit organisation that is committed to the quality of training in people-facing sectors. SkillsIQ's expertise and experience includes:

- Workforce planning (including policy and strategy)
- Workforce development (including the development of industry skills forecasts)
- Vocational education and training (VET) training package development
- Industry engagement
- Research (including conducting annual skills surveys and developing Discussion Papers on topical training and workforce issues).

For the last seven (7) years, SkillsIQ has been contracted by the Australian Government as a Skills Service Organisation (SSO) to support 19 Industry Reference Committees (IRCs) to undertake VET training product development that ensures skills training meets future industry needs.

SkillsIQ's objectives include positioning Australia to respond to additional demands for skilled workers, through working to ensure that VET opportunities provide skills that are relevant for jobs in industry and meet critical skills gaps and shortages. In doing so, we engage collaboratively with our extensive tripartite networks and also encourage and facilitate them to work together across industries, to capitalise on synergies between sectors, thereby aiming to increase career pathways, mobility and recruitment of young people.

Whilst the majority of the work conducted has been in context to VET, the link between VET and higher education has been a consistent theme in the outcomes of our projects. The relationship (and barriers) between VET and higher education is one which SkillsIQ is well versed in, having supported an array of industries to explore, design and develop VET training package products with career and training pathways to higher levels at the forefront of design. Examples of our work have covered:

- Personal Care Workers in Aged Care, with updates in the *Certificate III in Individual Support* reflecting requirements of the NDIS Quality and Safeguards Workforce Capability Framework and the recommendations of the Royal Commission into Aged Care Quality and Safety to establish a skilled and sustainable workforce with career and learning pathways.
- Enrolled Nursing, with recent updates ensuring units of competency in the *Diploma of Nursing* program are accredited by the Australian Nursing and Midwifery Council, ANMAC, supporting pathways to a Bachelor of Nursing.
- Retail and Visual Merchandising, with the development of a new qualification, an *Advanced Diploma of Visual Merchandising* to bridge the skills gap between Diploma-level and higher education courses.

Skills needs and shortages have also been a recurring issue which SkillsIQ has explored across key industry areas, including health and the wider care economy (i.e. aged care, disability support, early childhood education and care), retail and hospitality. We undertake an annual Future Skills Survey whereby we engage with a wide range of industry stakeholders to determine the experiences regarding skills gaps and the needs for the future. We often read that digital literacy is the number one skills need for the future. However, is it also the primary skills need of Australia's key service-based industries, which are currently experiencing severe workforce shortages? These are some of the questions and areas we focus on to support policy makers, employers, industry associations, unions and education providers in workforce planning and training development.

2.0 Commentary and Recommendations

Priority Area 1: Meeting Australia's knowledge and skills needs, now and in the future

- *Enhance the delivery of quality education that meets the needs of students across all stages of lifelong learning and develops the skills needed now, and in the future. This will include recommendations for new targets and reforms recognising that more than nine in ten new jobs will require post-school qualifications, and fifty per cent of new jobs are expected to require a bachelor's degree or higher.*

Australia is experiencing a unique but severe level of skills shortage. It is by far the number one concern of employers and wider industry stakeholders. Employment forecasts indicate that the situation may worsen, with strong growth predicted in industries currently crippled by skills shortages. For example, the workforces of our largest employing industries including health care and social assistance, retail trade and tourism and hospitality which collectively employ approximately 4.5 million workers across the country are expected to grow significantly over the next five years. Specific estimates show an additional 301,000 workers will be needed in health, 55,100 workers in retail and 112,400 workers in tourism and hospitality.⁶

The education system plays an essential role in meeting the knowledge and skills needs of industry, and **SkillsIQ recommends the Panel considers the issue holistically, as skills needs may be met with a range of varying levels of qualifications.** SkillsIQ previously embarked on a quantitative study with AlphaBeta that concluded 'over-qualification' was costing the Australian economy \$4 billion annually and affecting one in four Australian workers. We encourage the Panel to review SkillsIQ's report [Right Skills. Right Time?](#) as it reveals important insights for consideration in policy development.

Over-qualification is a real issue and driven by factors including:⁷

- 'creeping credentials' (a Degree is established as an entry requirement when in the past a Certificate or Diploma-level qualification was sufficient)
- 'qualification inflation' (employers continue to hire people with higher qualifications than needed)
- higher education is a 'must-have' on resume (4 in 5 parents prefer their children attend university rather than VET).

While certain jobs (and skills needs) will require a Degree and higher qualifications (e.g. Accountants, Engineers, Doctors), others may be sufficiently supported with VET-level qualifications such as Certificates III and IV, Diplomas and Advanced Diplomas (e.g. Enrolled Nurses, Education Aids, Chefs). The latest occupational profile data published by Jobs and Skills Australia shows that 12.6% of Chefs hold a Degree or higher level of qualification⁸ even though the *Certificate III in Commercial Cookery* is the recognised trade qualification, which provides all the skills and knowledge requirements for the role.

The challenges of over-qualification can mean workers have insufficient practical training (i.e. vocational skills) and/or hold unnecessary theoretical skills for a job which can instigate employer and worker dissatisfaction, staff turnover and for the worker, acquisition of superfluous tuition fees. Scaffolding approaches to skills and knowledge development may be beneficial for many workers (and the economy). It can facilitate the right practical and theoretical skills in the workplace rather than be overqualified (and at times, underexperienced).

There is a need to recalibrate policy settings, awareness and expectations regarding qualification attainment and lower the prevalence and cost of over-qualification in Australia

Priority Area 5: The connection between the vocational education and training and higher education systems

- *Explore possible opportunities to support greater engagement and alignment between the vocational education and training (VET) and higher education systems. In particular, the panel will have regard to the experience of students in navigating these systems and ensuring a cohesive and connected tertiary education system.*

A strong and transparent connection between VET and higher education is imperative for Australia's economic and social development. A united tertiary education sector will promote social inclusion and facilitate access to, and participation in, higher levels of learning by vulnerable members of the community (e.g. low socio-economic status).⁹ It will also contribute towards relieving the chronic workforce skills shortages currently experienced nationally across all industries. A VET and higher education link is essential however it is important to recognise that VET and higher education at a national policy level in Australia are *not* connected.

There is a plethora of research and reports available which have explored the relationship between VET and higher education over the last decade, and some of the main barriers noted to their connection are well documented. These include:

- The absence of a formal credit pathway framework to support the recognition of prior learning (RPL) and/or work experience to transition to higher education. Whilst qualifications are underpinned by the Australian Qualification Framework (AQF), in the VET sector, this provides a national and consistent approach to learning transition and credit arrangements across VET (i.e. AQF Qualifications Pathways Policy), however, higher education remains unregulated in this regard. RPL is to the discretion of individual institutions.¹⁰ The challenge of aligning unregulated and regulated qualifications is significant.¹¹
- Mapping qualifications across systems can be time-consuming, complex, resource-intensive and expensive to do.^{12,13}
- The absence of dedicated funding to support the sectors establish learning pathways and integrated models is impeding the ability to cohesively work together.¹⁴ Currently funding and accountability models (in addition to regulatory practices) differ noticeably across sectors.
- Pathways that do exist can be complicated to understand as they involve various education providers each with their own institution and policy setting.¹⁵ This can be particularly challenging to navigate through for learners from vulnerable communities including Aboriginal and Torres Strait Islander people, Culturally and Linguistically Diverse (CALD) communities, disabled people and older Australians.

During 2020, SkillsIQ initiated national discussions regarding pathways between VET and higher education in context to Aged Care, and we recommend the Accord Panel reviews the Discussion Paper we prepared in collaboration with the Centre for Workforce Futures at Macquarie University, [Pathways and Tertiary Education in Aged Care Discussion Paper \(August 2020\)](#).¹⁶ Aged care is currently experiencing acute skills shortages and a shortfall of workers by 2030 is estimated to be equivalent to 110,000 if the workforce growth rate continues at the current pace.¹⁷ Both VET and higher education have a responsibility to support the sector with workforce supply and address the skills shortages problem. The Discussion Paper was released for national public consultation during 2020 and the key findings from the feedback remain current:

- The differences in culture and processes in VET and higher education is limiting the integration. While VET may enable some graduates to transition to higher education, higher education may be less likely to provide RPL or credits based on content from VET.

- There is a need to identify flexible, modular qualifications to enable students and workers to transition from VET to higher education.
- Clear and consistent information is beneficial to help individuals understand the pathways available to them. Guidance and support is also essential to support students navigate across the various requirements of pathways and achieve transition success and outcomes.
- Pathways information should be made available to multiple audiences: prospective students enrolled at the VET provider, employers and employees (such as in staff rooms), industry bodies, and to regulatory bodies. In the aged care sector, onsite education managers may be encouraged to inform workers about pathways to other roles and the qualifications that would be required, or the steps that could be taken to upskill.

SkillsIQ recognises that there are a range of localised and successful examples where VET and higher education providers have taken initiatives to work together and establish learning and transitional pathways. Some higher education providers have also adopted models of delivery that include VET courses. RMIT University and Deakin University are examples of institutions that offer Diploma level courses (e.g. Diploma of Nursing, Diploma of Spanish) and have established RPL for course credits. While these examples demonstrate the opportunity for VET and higher education to work together, they are speckled across the country, and industry.

There is an urgent need for a national approach to bridge the gap between both training systems and we congratulate the Accord Panel for embarking on this as a priority area in the wider review.

3.0 Further Information

For further information, please contact:

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