



SKILLSIQ

CAPABLE PEOPLE MAKE CLEVER BUSINESS

Inquiry into the perceptions and status of vocational education and training – Terms of Reference consultation

Submission prepared by SkillsIQ Ltd

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1.0 Introduction

SkillsIQ is pleased to respond to this important inquiry regarding the perceptions and status of vocational education and training (VET) in Australia. A number of the Commonwealth Government's established initiatives¹ have put workforce skills at the forefront of policy for Australia's economic recovery, and VET certainly plays a significant enabling role in the skills agenda. The Inquiry therefore brings on a timely assessment of VET in light of the role it has in tackling the current severe workforce and skills challenges faced in all industries.

As a sector supporting approximately 4.3 million students,² the student cohort size in VET is nearly three times that enrolled in universities (1,602,573 in 2021).³ It is the primary supplier of skills training for workers in the largest employed occupations in the country, with the top three representing more than 1.1 million workers:⁴

- Sales Assistants - 594,000 workers with the recognised trade qualification, which provides all the skills and knowledge requirements for the role, a *Certificate II and III in Retail*
- General Clerks - 296,600 workers with the recognised trade qualifications a *Certificate III and IV in Business or Administration*
- Carers for the Aged and Disabled - 274,000 workers with the recognised trade qualification a *Certificate III in Individual Support*.

Other highly employed trade occupations, which are principally supported by VET qualifications, include Electricians (191,600 workers), Carpenters and Joiners (135,800 workers), Motor Mechanics (105,500 workers), Chefs (108,800), Hairdressers (74,700 workers), and many more. All these occupations (and the industries they represent) are expected to grow exponentially over the next five years, with projected employment growth rated as very strong.

Despite the importance and magnitude of skills training covered by the VET sector, it is troubled by a number of reputational, institutional and policy constraints. The sector is often referred to as the 'poor cousin to university'⁵ and seen to be inferior to higher education (i.e. university training) despite the employment and financial outcomes of graduates being equal to, or at times, better than that of higher education graduates. Such constraints and negative perceptions are having detrimental effects on demand for VET training and the consequent supply of essential workers for today's labour market.

SkillsIQ welcomes the opportunity to provide specific commentary for consideration across some of the Terms of Reference. Our skills and expertise in VET positions us well to support the House Standing Committee and provide industry-led intel and recommendations (see *section 1.1 About SkillsIQ*).

1.1 About SkillsIQ

SkillsIQ is an independent, not-for-profit organisation that is committed to transparency and 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)
- VET Training Package development
- Industry engagement
- Research (including conducting annual skills surveys and developing Discussion Papers on topical training and workforce issues).

Over the last seven (7) years, SkillsIQ has been supporting the Commonwealth Government, the VET sector, and industry to ensure skills training meets the current and future needs of workplaces. It had 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. We are now continuing with our work on developing international standards, supporting employers, State/Territory and Federal Governments in industry engagement and workforce development.

SkillsIQ's objectives include positioning Australia to respond to 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.

We are well versed in the VET landscape, including understanding perceptions through the lenses of students, providers, and industry, having undertaken extensive and representative consultations to support all project work in Training Package updates and workforce development and planning.

2.0 Commentary and Recommendations

Terms of Reference 1:

Information available to students about VET qualifications and related career pathways along a student's journey through secondary schools, vocational education, higher education, and work transitions, with a focus on how this combines with other sources of advice, including informal advice, to influence student choices, and how Commonwealth funded information for students about VET may be improved

The VET sector is complex and confusing, and it is difficult for employers, learners, parents and careers advisors to obtain reliable and accessible market-based information about courses and providers. There are plenty of search engine tools that capture key-word searches (i.e. My Skills, Your Career, Training.gov.au etc.) however the information obtained can be confusing, especially for young learners who are not sure what they want to do. The level of training and job choice information can be overwhelming.

A well-informed market can ensure individuals make the choices right for them, but it can also support the wider sector focus on productivity and delivery as quality (of training provider, of employer etc.) increasingly becomes prominent in the consideration set of individuals. Our previous consultation with industry tells us that if quality is lifted there will be more focus and investment in skills development via the VET sector, resulting in increased demand for placements.

SkillsIQ puts forward for consideration an online platform which is currently being piloted and focuses on the quality of courses delivered and shares information on training experiencing and outcomes achieved. *GetABOVE*⁶ is based on extensive market research and has been developed to enable employers and students to rate qualifications delivered by training providers. It provides an **accessible platform for individuals to get informed and identify where to get the best skills training**. The information available is based directly on student and employer feedback. Students rate key elements of their learning experience, including course content, quality and relevance of work experience and employment outcomes. Employers are asked instead to rate the qualifications' relevance to job roles, the value of work-based training, and the outcomes of the training for their businesses.

Employers with whom we consulted during the development process, said they consider this an effective and useful tool because it includes both students and employers perspectives and because they believe that young people will listen to other young people who have real-world experience.

When fully operational, the ratings will provide a source of independent information about training outcomes to employers, potential students and their parents, and schools, to inform choices. It will also provide a market-based feedback loop to the regulators of Registered Training Organisations (RTOs) and the wider government network.

We believe that the testing of this innovative approach will achieve demonstrable results for employers and students for the quality and status of the VET sector as a whole. We welcome the opportunity to provide more information on *GetABOVE* and its relevance to supporting the improvement of information and informing better choices.

Terms of Reference 2:

Perceptions and status of the VET sector and how this may be impacting student enrolment choices, employer engagement, and recruitment and retention of the VET educator workforce, and how perceptions and status of the VET sector can be improved. International best practices in relation to VET perception and qualifications status should be examined

General perceptions of VET and its status as a first-choice training option are low. This however is not unique to Australia, with many other developed (and developing) countries outlining similar perceptive and image issues with their vocational and technical training sectors.⁷ There are a range of international, national and local studies and surveys published which have explored this very topic and there is a consensus on the drivers for VET's low status as being: historical legacies (i.e. VET training has always been used to support workers in roles traditionally viewed as lower status and requiring lower-level skills needs when compared to higher education), cultural preferences (parent and peer networks, as well as wider societal views consider higher education a more elite pathway) and governmental and institutional factors (priorities for higher education policy focus, limited employer engagement and nil alignment with employer needs and occupations).⁸

The consequences of VET's poor image and societal preferences for higher education are significant. It is not only affecting the VET sector's potential in obtaining enrolments, funding, workers and policy priorities, but it is also creating severe implications regarding the economic cost of an 'over-qualified' workforce, as the trend to obtain a bachelor degree and a qualification higher than what is required for an occupation is strong.

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. SkillsIQ's report [Right Skills. Right Time?](#) reveals important insights for consideration in policy development.

Over-qualification (i.e. over-qualified workers) is a real issue and driven by factors including:⁹

- '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 advertise for, and 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)
- government policies which have promoted higher education to build Australia's innovation and productivity.

Our research uncovered that people-facing sectors, in particular, registered higher rates of over-qualification compared to other industries. For example, rates registered in residential care and social assistance (77%), early childhood, primary and secondary (69%) and health care services (54%) were significantly higher than that for the construction (19%) and finance (18%) sectors.

Higher qualifications might not always be the best option for individuals or employers, however across the two registered years of the study the number of online job advertisements that stated that bachelor's degrees are required within the Children's Education and Care sector had increased by 24% and in the Community Services and Development sector by 86%.

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.

Recommendations:

To strengthen VET's role (and reputation) as a training option of first-choice, efforts are required from all:

- **Individuals:** Consider pursuing qualifications that best suit a particular career stage. 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).
- **Employers:** Reconsider which candidates have the most suitable practical skills i.e. who is 'skills-ready' not 'advanced-qualified'.
- **Education Providers:** Focus on aligning qualifications more closely with job roles and consider student expectations. This includes making more specific information available about qualification programs and elective options, which are targeted to suit specific job roles or sectors.
- **Government / Policy makers:** A need to recalibrate policy settings, awareness and expectations regarding qualification attainment.

Government also needs to tackle the issue with a **holistic approach**. Poor perceptions of VET are also driven to an extent by the economic and labour market conditions of the sectors and occupations it primarily supports with skills training. That is, **VET skills training is generally linked to occupations with low wages and stressful work conditions**. Examples include Personal Care Workers (in Aged Care and Disability Support), Early Childhood Educators, Enrolled Nurses and a range of other Assistant care roles in Health.

Until the wider labour market issues are addressed to enhance the perceptions of industries such as Health and Social Assistance as first-choice places of employment, VET will continue to be perceived as a secondary training option to higher education.

Educational success factors widely celebrated across society and publicised by media often focus on entry-level measures into higher education. For example, ATAR scores and university placements are regularly reported, with success identified as achieving a university placement in the preferred course. There is a **need to publicise additional post-school education and training pathway successes so individuals can consider other success parameters in their learning and employment journey**. These can include the percentage of students employed in Apprenticeships/Traineeships or the percentage of VET students in full-time employment since graduating. We encourage the Government to lead the change in the current university-focussed narrative representing educational success.

3.0 Further Information

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SkillsIQ welcomes the opportunity to support the House Standing Committee and discuss in more detail any of the points raised in the submission.

Endnote and references

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- ¹ Examples include the Jobs and Skills Summit (September 2022), Jobs and Skills Australia (October 2022) and the introduction of the Fair Work Legislation Amendments (Secure Jobs, Better Pay) Bill 2022.
- ² NCVET VOCSTATS, Total VET students and courses 2021: student DataBuilder.
- ³ Australian Government Department of Education. Higher Education Statistics, 2021 Student summary tables. Retrieved from: <https://www.education.gov.au/higher-education-statistics/resources/2021-student-summary-tables> [Viewed 28 February 2023]
- ⁴ Australian Government Jobs and Skills Australia (2023) Occupation Profiles Data [Retrieved from: <https://labourmarketinsights.gov.au/occupations/downloads-and-correspondence-files/>] [Viewed 17 January 2023]
- ⁵ Various sources: Naval Shipbuilding College. (2019) Vocational and Education Training provides a gateway to long and rewarding careers. [Retrieved from: <https://www.navalshipbuildingcollege.com.au/vocational-and-education-training-provide-a-gateway-to-long-and-rewarding-careers/>] [Viewed 17 January 2023]; Spierings, J 2015, 'The poor cousin?: TAFE and other alternative pathways', in D Nellor (ed.), *Under the pump!: the pressures on young Australians*, John Cain Foundation, Melbourne, pp.69–80.
- ⁶ GetABOVE 'Do the course, Rate the Source™'.
- ⁷ UNESCO-UNEVOC TVeT Forum (July 2018) – Virtual conference report on Improving the image of TVET [Retrieved from: https://unevoc.unesco.org/up/vc_synthesis_21.pdf] [Viewed 20 January 2023]
- ⁸ Various sources: UNESCO-UNEVOC TVeT Forum (July 2018) – Virtual conference report on Improving the image of TVET [Retrieved from: https://unevoc.unesco.org/up/vc_synthesis_21.pdf] [Viewed 20 January 2023]
- ⁹ SkillsIQ and AlphaBeta (2017) *Right Skills. Right Time?* SkillsIQ. Retrieved from: <https://www.skillsiq.com.au/ResourcesResearchandSubmissions/Research/RightSkillsRightTime1>. [Viewed 7 December 2022]