

**Joint Industry Skills Council Response to the
Review of Australian Higher Education
Discussion Paper**

July 2008



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This paper provides a collective response from the 11 Industry Skills Councils (ISCs) to the *Review of Australian Higher Education Discussion Paper* released in June 2008.

In considering this advice, it should be acknowledged that a number of ISCs have submitted individual responses to the review which provide further advice around the issues and industry's specific requirements and expectations of the tertiary sector.

The paper provides advice on fundamental issues over and above the questions posed in the discussion paper.

KEY MESSAGES

The joint response of the Industry Skills Councils (ISCs) to the *Review of Australian Higher Education* discussion paper is premised on the following assumptions:

- That for Australia to remain economically competitive, its existing and future workforce must be skilled to higher levels than are currently in place; and
- That acquisition of higher level skills across the breadth of the workforce will only be achieved through a more cohesive tertiary sector characterised by real pathways and collaboration.

This is not to say that each sector should lose its distinctive role or that vocational education and training (VET) should simply operate as a feeder into higher education. Rather, **the two sectors should complement each other without duplication, and work under a single national strategy for the development of Australia’s human capital spanning early childhood and schooling, VET and higher education.** Within this notion, universities would continue to pursue their teaching and research focus, albeit with a closer connection to industry defined benchmarks for contemporary skills and knowledge. Importantly, a far greater emphasis would be placed on ‘third stream’ activities that would see universities actively contributing to industry’s productivity through the dissemination of new knowledge. Similarly, VET would continue its industry focus but assume a far stronger commitment to the intent of *Skilling Australia for the Future* and a nationally consistent, demand driven system responsive to industry needs.

Such a model would also recognise that innovation and research no longer reside solely in the domain of higher education, and that for Australia to establish a world-class workforce with world-class skills, both VET providers, higher education institutions and industry have significant roles to play in these areas. Similarly, individual learners’ acquisition of higher level skills – as opposed to just high level skills – would be supported through transparent and objective recognition and credit transfer arrangements established within the Australian Qualifications Framework (AQF).

Moves towards a more cohesive tertiary sector are long overdue given the pressures of a fast changing world economy, the rise of new economic superpowers and the extraordinary rate at which new knowledge needs to be absorbed by industry for it to remain competitive. While the sector’s interconnectedness with VET and industry more broadly point towards the need for structural reform well beyond the review’s immediate boundaries, the ISCs’ response acknowledges that this review is focused on higher education. It therefore proposes reform in four areas which sit within the terms of reference and which together, would deliver significant benefits to the Australian workforce and industry:

- Integrating the **transfer and diffusion of new knowledge and research findings** to industry as part of a more holistic approach to improving productivity

- Increasing the focus on the **needs of industry** and emerging sectors to increase the relevance of outcomes to the economy
- Developing **tertiary 'networks'** to enable VET providers and higher education institutions to optimise resources and provide seamless service to individual clients
- Increasing **formal credit transfer and articulation** arrangements between VET and higher education to improve pathways to higher level skills.

The following section outlines these four areas in greater detail. Where appropriate, specific recommendations are also provided.

TRANSFER AND DIFFUSION OF NEW KNOWLEDGE & RESEARCH FINDINGS

The discussion paper cites a number of studies which demonstrate *'positive links between research and development, industrial innovation and economic growth'*. For their part, universities have an important role to play in the transfer of new knowledge into industry, not just through the education of individuals, but also through the dissemination of knowledge by engagement with enterprises, government agencies and community groups.

The discussion paper suggests that as part of their core function, universities already *'exchange and transfer knowledge and its applications with industry and society'*. But the notion put forward in this response relates to a nationwide systematic roll out of new knowledge as a legitimately funded 'third stream' activity in partnership with VET providers and as part of a more holistic solution to driving increased enterprise productivity. Its a concept that done well, has the capacity to set Australian industry apart from its competitors.

More and more VET providers are delivering training in the workplace and based on structured diagnosis of business needs. These industry networks sit at all scales of business and across the vast majority of industry sectors that comprise the Australian economy; they represent an established doorway into the engine room of the economy. Ideally the approach would draw together other organisations funded by government under the 'innovation and research' auspice such as Cooperative Research Centres which have achieved varying degrees of success in the diffusion of new technology and research findings.

In simple terms, Australia has a well regarded research base, but it must diffuse a large proportion of these outcomes within the companies that comprise the national economy. This is not to say that the potential for commercialisation of ground breaking research should be sacrificed, but there is a vast body of knowledge which sits beneath leading edge work from which Australian industry can benefit, generate greater domestic wealth, and ultimately have reinvested in the tertiary sector.

On a related issue, the suggestion by some commentators that innovation resides predominantly within the realm of higher education is outdated if Australia is to establish itself as a knowledge economy. Such a view may in part be due to interpretation and the belief that innovation is only relevant to the highest skill levels and in job roles that enjoy high degrees of autonomy. But the reality is quite different – over 40 per cent of Australia’s business research and development workforce are trained through the VET system. Innovation itself is largely derived from problem solving, an employability skill sought by employers at the majority of skill levels.

Artificially quarantining ‘innovation’ to higher education is counter to the very philosophy of a knowledge economy and practicalities of positioning Australia in that space. Again, recognising VET providers as integral to instilling innovative practice within industry and exploring how they can work collaboratively with universities should be a key recommendation of the review.

NEEDS OF INDUSTRY

Although universities take into account industry requirements and the likely employment outcomes for graduates, these tend to be secondary considerations to student demand.

The argument for industry’s needs to be a more central tenet in the planning and course design of the higher education sector remains a sensitive and much debated issue. Certainly the lack of industry defined benchmarks for those higher education courses with designated occupational outcomes is a major contributor to the lack of structured articulation with the VET sector, and is set to undermine Australia’s moves to increase the skill levels of existing workers.

The notion of industry standards or benchmarks is not about diminishing the unique approach or program of each university, rather its about assuring industry and the individual learner an agreed minimum outcome and occupational relevance; at the same time it serves as an objective framework for proactive, transparent articulation and credit transfer with the VET sector, and would significantly reduce the research and effort duplicated across institutions in their bid to confirm the currency and industry relevance of course outcomes.

In terms of planning student numbers, and what influence industry’s needs should play, there are long recognised difficulties associated with predicting future occupational demand - not least of which are the number of factors which can impact without warning or precedence. The VET sector has long faced similar challenges in determining its provision but along with other OECD nations is moving away from historical data as a basis for predicting future trends and more towards the notion of ‘environmental’ real time intelligence, and building their systems’ capacity to quickly respond to identified trends.

ISCs’ annual *Environmental Scans* have been conceived on this basis. They draw together real-time grass roots industry intelligence and identify the current and emerging factors impacting on the skill and knowledge requirements of the various sectors. The scans act as an ‘early warning system’ to

policy makers and providers alike, and while they do not include a specific focus on higher education, their breadth and immediacy of intelligence would suggest their potential as a key input to the planning of individual university delivery profiles.

It is recommended that:

- *Environmental Scans* produced annually by the Industry Skills Councils form a key input to planning of higher education institutions - most especially the information on new and emerging labour and skills shortages;
- Higher education courses with designated occupational outcomes are based on nationally agreed industry standards or benchmarks to assure industry relevance and as a basis for establishing transparent articulation and credit transfer with the VET sector.

TERTIARY NETWORKS

The production of new knowledge, its diffusion and application in the workplace, and movement of learners upwards through various skill levels could all be enhanced by the establishment of 'tertiary networks'. With budgetary pressures increasing, client expectations and size of the task ahead increasing exponentially, Australia must look towards a smarter way of using its existing resources. There is real scope for higher education institutions to work in partnership with VET providers and offer more holistic solutions to enterprise productivity as outlined earlier, and more streamlined services to individual learners.

Such networks would include two perhaps three universities working together with one or more vocational institutions. These networks could be extended to include community colleges, private providers and even secondary schools. The concept could even include the formation of 'preparatory colleges'¹ as a means of transiting students into higher education and be established through partnership with local VET providers, possibly involving some rebranding and joint investment.

Increasing the level of collaboration between the sectors starts to position Australia in a more contemporary educational space and one befitting Australia's physical geography where rural and regional communities would gain greater access and opportunities for student movement than typically offered through single providers.

While there are also good examples of cooperation and resource sharing, the concept of tertiary networks goes far beyond practical linkages – it has the capacity to strike the right balance between achieving local relevance and national priorities. Aside from the obvious benefits of moving past the outdated perceptions of both sectors, there is the potential to generate critical mass of clients that enables support infrastructure required by many mature aged learners and existing workers, for

¹ Proposed by the 'Group of Eight' in its submission to the review

example, child care. With both sectors under pressure to reduce administrative costs, there are also possibilities for collaborative procurement, business processes and IT systems.

Critically, tertiary networks would enable a more effective and integrated business solution be offered to individual enterprises. Focused on raising productivity levels and linked directly to the business goals of the enterprise it would wrap together skills development, innovative approaches to work organisation and the diffusion of new knowledge.

To be clear, support for a more cohesive tertiary sector is also premised on assurances that the considerable quality improvements made by VET in recent years would in no way be subsumed or fragmented by current higher education quality practices.

FORMAL CREDIT TRANSFER & ARTICULATION

The acquisition of higher levels of skills and knowledge is widely recognised as a key determinant of success for individuals, enterprises and a nation's economy. The vast majority of OECD countries are now in the process of building the systems and infrastructure necessary for a knowledge economy to grow and thrive - albeit to varying degrees of investment. Australia is no exception but faces the additional complexity of a relatively static labour supply, and the knowledge that new entrants alone will be insufficient in number to inject the level of additional skills and knowledge required across the workforce to remain competitive. Conventional wisdom is that Australia must lift the skills of its existing workforce as a matter of priority if it is to raise its level of human capital.

The acquisition of higher level skills will not translate into a workforce where everyone holds Diplomas and Degrees, rather it entails a relative move upwards through one or more AQF levels by each individual. For some, this will mean progression between qualification levels within VET; the same scenario will also apply in the context of higher education with say, a learner already holding a Bachelor Degree gaining a Graduate Diploma. Increasingly though, individuals will need to move from VET through to higher education.

The discussion paper cites '*relatively small*' numbers currently move between VET and higher education, but anecdotal evidence would suggest that this is far more to do with barriers than low levels of demand. Those working within VET and industry alike are in general agreement that one of the greatest priorities for the review is to recommend radical improvement to student pathways between sectors.

Such arrangements are critical if Australia is to increase participation of those from indigenous and low socio economic status backgrounds, and who predominantly commence their post secondary training in the VET sector. Despite the provision of financial and other support for students, and significant target setting and monitoring of universities' performance, these demographics continue to be under represented in higher education. Lifting these participation rates will require a national,

cross sector, coordinated approach; the consolidation of formal articulation arrangements with the VET sector being a fundamental platform.

Longer working lives with more career changes will require older individuals to upgrade existing skills or retrain. These learners will need shorter programs, more flexible delivery *and* far greater recognition of their existing skills – an issue which magnifies the need and speed with which universities need to embrace a broader concept of formal skills recognition that incorporates, but is not limited to credit transfer². Recognition of formal, non-formal and informal learning, and the skills and knowledge acquired by individuals through these environments, is an ideological leap that must be made by the higher education sector if it is to fulfill its role in increasing the nation’s productivity and participation levels.

There are also views that the AQF as it currently stands could do far more to support recognition of prior learning, credit transfer and articulation³. The AQF is a ‘nationally consistent’ yet sector based framework. That is, qualifications are authorized differently and involve different learning and assessment approaches synonymous with their sector’s mission. Industry’s nationally agreed benchmarks for the skills and knowledge for 85 per cent of Australia’s job roles are codified through its ‘Training Packages’ and the suite of 1300 qualifications they comprise. Ranging from Certificate I entry level pathways to Vocational Graduate Diplomas they provide pathways into the workforce and the basis for up-skilling of over 1.6 million students⁴. Aligned to the AQF they are endorsed by a single body, the National Quality Council. By comparison, the self accrediting status enjoyed by some higher education institutions and lack of nationally agreed benchmarks for those programs with an occupational outcome, have resulted in a plethora of accredited courses, many of which cover the same sector or occupation.

While the AQF provides ‘*an agreed framework for designing, developing and issuing recognised qualifications*’ the myriad of individual university qualifications and lack of nationally agreed benchmarks dictate the effectiveness with which articulation from VET can be established. Credit transfer arrangements are therefore predominantly negotiated bilaterally between TAFE institutes and universities - their scope, durability and success varying considerably.

Better articulation and resolving issues around formal skills recognition are now an economic imperative and must rapidly move beyond the policy rhetoric of the last decade. Universities need to proactively map their qualification outcomes to the relevant Training Package qualification(s) as part of the accreditation process and promote these pathways in an open and transparent manner – information which must be mirrored and equally well promoted by their VET sector partners. In

² This response recognises the current work commissioned by the Australian Qualifications Framework Council into consistent terminology for credit transfer. For the purposes of this paper ‘*credit transfer*’ relates to recognition of an existing qualification for the purposes of credit in another qualification, and is based on the mapping of comparable outcomes. By comparison, ‘*formal skills recognition*’ is an encapsulating term which involves evaluation of skills and knowledge held by an individual, regardless of how these have been acquired, and their capacity to meet the requirements of a nominated qualification.

³ As part of the consolidation of policy in the current work of the Australian Qualification Framework Council

⁴ This does not include those students which sit outside the publicly funded system.

addition, the AQF needs to be revisited with definitional and policy barriers that impinge on articulation between sectors removed.

It is recommended that:

- The Australian Qualifications Framework Council investigate how improved articulation pathways can be supported through its current project to consolidate policy and develop a common agreed terminology;
- Self accrediting and non-self accrediting institutions, as a requirement of new course accreditation, undertake and publish clear *mapping* and *credit transfer* arrangements from the nationally endorsed Training Package qualifications and units of competency;
- The higher education sector establish nationally consistent policy to recognise, make operational and promote *formal skills recognition* processes that recognise the acquisition of skills through formal, non-formal and informal learning environments and accelerate learning of individuals accordingly.