

Australia's skills and workforce development needs

Discussion Paper

Navitas Submission – Skills and Workforce Development Policy

1.0 Executive Summary

Navitas wishes to thank the Australian Workforce and Productivity Agency for the opportunity to participate in the discussion and contribute to the 2012 National Workforce Development Strategy. The issues raised in the discussion paper released in July 2012 are far-ranging and will potentially impact all aspects of Australia's future prosperity.

The task of predicting workforce demand, the future success of industry sectors and the requisite skills required to underpin these is inherently perilous, made more so by the overarching volatility of the global economy. This is highlighted in the four scenarios presented in the discussion paper *on what might the future hold*. Research indicates that more than 60% of the jobs 10 years from now have yet to be invented. Further, despite the extensive planning of governments and corporations few predicted the Global Financial Crisis and the depth and breadth of its impact.

Rather than seek to predict the future Navitas recommends an approach that will provide Australia with the combined flexibility and resilience to develop a workforce that can cope with national and global change. All existing data and research would indicate that this can best be achieved by raising the skill base across the entire workforce; that ultimately across a range of potential futures there will be an underlying requirement for a more skilled workforce particularly in terms of tertiary qualifications. This is necessary for a range of reasons including the need to maintain improvements in productivity, to meet the increasing demands of the 21st century workplace and, from a global perspective, to allow Australia to remain internationally competitive.

There is no panacea that will deliver the workforce required for Australia in the 21st century. It will require action on multiple fronts however Navitas would recommend that the underpinning key areas of focus must include:

- Support for increased qualifications at the tertiary level
- A tertiary education sector that includes contestability of funding available to high quality, private education providers
- The continued support of international education and where appropriate, linkages of skills gained in Australia to skilled migration
- Support for re-skilling and refreshment of qualifications so workforce capability is contemporaneous with national need
- Greater reliance on student demand led models
- Support for language, literacy and numeracy training to enable migrants and other low SES groups to access tertiary training and participate more effectively in the workforce

These key areas of focus will not only support the ultimate objective of equipping the Australian Workforce for the demands of the future, they will also provide a significant contribution to the National Workforce Development Strategy objectives including:

- Support Australia's overall economic growth
- Lift workforce participation including assisting in addressing issues of national importance such as social inclusion and social mobility
- Raising national productivity levels and ensuring Australia remains globally competitive
- Provide sustainable funding for a vibrant tertiary education sector

As Australia's largest private tertiary education provider and a significant provider of language, literacy and numeracy skills, Navitas' submission is focussed upon the tertiary education sector as well as advocating that Australia needs to more effectively utilise its multilingual, culturally diverse populations to ensure we have a 21st century workforce.

It is acknowledged that systemic improvement of the national skill base is required addressing essential foundation skills in literacy, numeracy and STEM. It is noted that, whilst the Commonwealth already delivers or has embarked on a number of commendable initiatives to address this foundation skills such as the Adult Migrant English Program, the Language, Literacy and Numeracy Program and the National Partnership on Literacy and Numeracy, there is a need to invest further in these essential settlement and foundation skills programs. In some cases, e.g. the National Partnership on Literacy and Numeracy, programs have been fragmented by a states based approach to implementation.

This highlights a broader underlying requirement that national education initiatives, at all levels, require a consistent national approach within the Council of Australian Governments (COAG) framework.

2.0 Increasing Tertiary Qualifications

Essential to the Australian workforce meeting the skill requirements of the future is the necessity to increase substantially the number of people with tertiary qualifications. The Government has set an ambitious target to halve the proportion of Australians aged 20–64 years without qualifications at Certificate III level and above between 2009 and 2020. The target is 23.6% of Australians with these qualifications, based on the 2009 baseline figure of 47.1%¹. An earlier related target was to raise the proportion of the Australian population aged 25-34 with a bachelor level degree to 40% by the year 2025. This was announced in July 2009 by the Government in response to the Bradley Report; the current level is just 31%. Navitas fully supports these targets and believes that we are well placed to play a crucial role in their achievement.

The Deloitte Access Economic modelling² indicates that under all four of their future scenarios there will be substantial shortages of tertiary qualified workers from diploma through to post graduate qualifications in the period from 2015 to 2025. The higher level tertiary qualification deficit is forecast to be between 45,000 and 280,000 by 2025. Most

¹ *Discussion paper: Australia's skills and workforce development needs*, Australian Workforce and Productivity Agency, 2012.

² *Discussion paper: Australia's skills and workforce development needs*, Australian Workforce and Productivity Agency, 2012.

disconcertingly, the more successful the Australian economy performs the greater will be the shortfall in tertiary skills. This potential tertiary skill shortage will almost certainly impact Australia's future prosperity.

Australia is unlikely to meet the tertiary skill requirements that the national economy requires or even the stated qualification targets mentioned above unless the number and breadth of tertiary institutions and delivery options is increased. As in many other countries where the private sector plays a vital role in education provision (Japan, South Korea and Indonesia all are greater than 70% private³) Navitas contends that it is the private sector that can play an important and necessary role in meeting Australia's additional demand for tertiary qualifications. A priority of Government should therefore be directed toward creating a tertiary education framework that is supportive of high quality private education providers.

Greater diversity via additional private education providers should be an important policy initiative of government as private providers like Navitas offer some important advantages toward skilling Australia. Private providers are:

- More likely to respond to market signals in meeting the skill requirements of the market.
- Better able to move quickly to implement new courses and programs due to efficient teaching delivery models.
- Well positioned to provide excellent relationships with industry and therefore able to respond directly to industry demands. Industry often appreciates dealing with another for-profit entity.
- Efficient in their delivery of tertiary education due to a streamlined, customer focused approach to quality education delivery.
- Willing and have the capital to invest in flexible teaching models.
- More willing and able to introduce innovation into the education system, including partnering with public institutions. It was the innovation of the Navitas pathway model introduced in 1994 that has been the platform for the significant growth of international students in the higher education sector across Australia, a model that has now been widely copied. Likewise in the US it has been the private sector that was the early adopter of large scale online delivery.
- Able to offer government a lower cost tertiary education option.

The advantages that private education can provide to meeting the tertiary qualification needs of Australia are significant and can go a long way to meeting the supply side of the tertiary qualification shortfall. For this potential to be realised the government policy settings need to be altered to allow private education providers like Navitas to more actively contribute to the provision of tertiary education on a more equal footing. Currently organisations like Navitas are required to meet the quality requirements, which we are strong supporters of, however have government policy limitations impacting potential student demand. These issues are outlined in section 3.0 below.

³ *A New Dynamic: Private Higher Education*, UNESCO, 2009.

Navitas has a proven track record of providing excellent, high quality tertiary qualifications to Australian students as well as providing lower SES groups with foundation skills that facilitate further study and workforce participation. Examples of these can be seen with our many Australian colleges including:

- Highly positive Australian Universities Quality Agency and Tertiary Education Quality and Standard Agency (TEQSA) audits.
- The Australian College of Applied Psychology (ACAP) which provides VET and Higher Education qualifications through to Master's degree level in disciplines such as psychological science, community services, mentoring and counselling.
- Our university pathway colleges that enable Australian students to enter our partner university's degree programs after completing a pathway course with Navitas and having achieved the required academic standard.
- Our network of English language and settlement colleges that provide English as second language courses for international students and English language, literacy and numeracy, settlement and work preparation programs for migrants and refugees and other low socio-economic groups.
- Consistently high graduate outcomes and student satisfaction rates.

These Navitas colleges play a vital role in the diversity and vibrancy of the Australian education sector. Beyond enabling the Australian higher education system to provide more tertiary qualifications, they also play an important role in terms of accessibility to higher education for students. In many cases they enable students to complete degrees who otherwise would be excluded from higher education.

3.0 Student Demand Led Model

A significant policy shift has been the Government's introduction of a demand led funding model for higher education from January 2012. Navitas would like to see this model extended to allow student choice to include undertaking a government supported tertiary qualification with a private provider.

Under the current policy framework the Government is faced with a stark choice of either allowing unlimited growth of the publicly funded system, which arguably may simply not be affordable. Alternatively, falling significantly short of the government set targets for tertiary qualifications. Rather than rely on the significant public investment required to support the current model the Government could facilitate increased capacity by establishing a policy framework that incentivises private providers to contribute to the provision of educational offerings.

Initiatives that would support increased capacity provision by the private sector include:

- Unify the Higher Education Loan Program (HELP) from the current FEE – HELP and HECS – HELP to a single HELP scheme available to all students on the same financial terms.
- Make the unified HELP scheme available to all accredited education providers on a consistent basis; that is both private and publicly funded institutions.
- Allow for Commonwealth Sponsored Places to be made available to private providers who operate compliant with the quality standards established by TEQSA.

Navitas believes that the initiatives outlined above would provide important growth in capacity for the Australian higher education system as well as underpinning improved diversity. The flow-on effects have the potential not only to address the skills requirements of the Australian workforce, but could also assist in greater accessibility for key target groups, improving social mobility, workforce participation and productivity and capacity for innovation.

4.0 Funding Contestability

The policy setting for higher education is often considered within the confines of the current public institutional structures. For example, the recent NSW Tertiary Education Plan and Knowledge Statement failed to recognise the vital role of the private sector.

Whilst clearly the national network of publicly funded universities and TAFE's will have a prominent role in meeting the skills of Australia, they are often not the most cost effective way to achieve workforce development needs. There are segments of the workforce where the traditional publicly funded institutions have struggled to meet national expectations and these include:

- Providing relevant programs that meet industry needs within the necessity of commercial timeframes.
- Providing programs that result in students being work-ready. A common complaint of industry is that the connection between study and the workplace is not being adequately addressed in courses.
- Access for key social target groups. Despite significant resourcing, traditional public institutions have been poor at serving key equity target groups.
- Learners who require more flexible study schedules such as mature learners or learners with family commitments. The vast bulk of teaching across publicly funded institutions is predicated on a face-to-face delivery model within relatively rigid teaching periods. Such an approach is a significant obstacle to many people being able to access higher education.

Navitas supports the broadening of access to public funding via contestability mechanisms such as a system of student entitlement. It is noted that in the VET sector contestability initiatives are now in place across Victoria and South Australia. Navitas would like to see a consistent contestability framework across the national VET network. In addition, elements of contestability should also be applied to university funding in areas where there is failure to deliver required outcomes in the public system or the outcomes are not being delivered in a cost effective manner.

Whilst Navitas supports broadening the contestability mechanisms across higher education we are of the view that access by private education institutions to such funding must meet acceptable quality standards as determined by the relevant agencies including TEQSA and the Australian Skills Quality Authority (ASQA). In this regard Navitas supports adopting a risk-based approach to regulatory design, implementation and review which we see as critical to lifting regulatory performance of the private sector and to realising and sustaining the benefits of current and future competition and regulatory reforms.

Navitas has previously submitted to the Commonwealth the proposal that there be a primary and secondary assessment system where the primary assessment is based on data submitted to government agencies and regulatory authorities on a regular basis for CRICOS accreditation – that is, this should be able to be assessed by Government with

no further input from providers. The outcome of this assessment should result in either a high or a medium risk assessment. Poor quality providers would not pass the CRICOS accreditation process. The voluntary secondary assessment would then require providers who wished to pursue low risk status, and its associated benefits, to submit additional information for assessment.

5.0 The Role of International Education

International education sector in Australia has fallen from its peak of \$18.5 billion in 2009 to its current levels in 2012 which place the sector at an estimated \$15 billion. Despite this significant fall international education is Australia's 5th largest export industry (previously 3rd). Further, the sector directly provides more than 100,000⁴ jobs on an economically and environmentally sustainable basis. The international education sector can play an essential part in meeting the skill and workforce needs of Australia both now and into the future. This dual benefit approach is being recognised in concerted fashion by the Canadian Government.

Australia has a long and successful record in pioneering the development of international education and a strong history which we can draw upon to keep improving the industry's quality and competitiveness. Despite this successful history there has been a tendency to take the benefits of international education for granted. Government needs to take firm policy action to support international education as it is a critical contributor to meeting the forecast skill requirements through to 2025. A Commonwealth Government response is imperative because:

- Australia will be reliant on international students in part to bridge the inevitable skill deficits over the next decade.
- International education has become a very competitive market and Australia now finds itself faced with aggressive competition, supported by other national governments who seek to emulate Australia's success. This includes the UK, US, Singapore, Canada, China, the UAE etc.
- This is now a significant and growing global market with international education forecast to more than double by 2025 to 8.2 million students worldwide⁵.
- Both the scale and growing strategic importance of international education to Australia demands a consistent government response, led by the Commonwealth.

Aspects of international education are currently in the remit of DIAC, DEEWR, DIISRTE, Austrade and DFAT at the federal level, and associated Ministers, let alone the variety of state level government departments. DIAC focuses on immigration, DEEWR on education, Austrade on promotion and marketing, DFAT on diplomatic relations and aid however no one agency or Minister has sole responsibility for international education.

Navitas firmly believes that a central focus point at the federal government level. A Parliamentary Secretary for International Education is required to improve coordination and alignment across the industry. Further the role should be positioned in the Department of the Prime Minister and Cabinet to ensure that it duly represents the 'whole of government', is seen as a national priority, and does not risk being driven by departmental agendas.

⁴ *Education as an Export for Australia*, International Education Association of Australia, May 2012

⁵ *Trends in Global Higher Education: Tracking an Academic Revolution, A Report Prepared for the UNESCO 2009 World Conference on Higher Education*

Sector consultation and engagement has improved, especially with the formation of the International Education Advisory Council (IEAC). However, as the name suggests the IEAC is an advisory council not a strategic body and Navitas recommends that a long term International Education Council be formed which consists of leading figures in international education, senior business and globally influential figures selected for their strategic capabilities, relevant experience, knowledge and connections. Similar to the Tourism Australia model, the role of the Council would be to recommend develop and oversee a long-term strategy for international education and internationalisation. A statutory body, the IEC should report to the Parliamentary Secretary for International Education.

The IEC's work would be informed by the establishment of an International Education Stakeholder Committee with leading representatives from all sectors including higher education, ELICOS, VET and schools across both public and private providers that would report to the Council. In addition, such a committee could be an ideal coordination and engagement body for Government to liaise with the sector and to receive feedback and ongoing support. Similar bodies exist in Australia, within the Tourism industry, and in many competitor countries such as the UK and France.

Navitas also believes that a Parliamentary Secretary and an International Education Council would play a vital role in communicating the importance and value of Australia's international education sector to Australia and the world.

There is a great deal of misunderstanding by the general population, all levels of government and business of the significant social, economic and educational benefits Australia gains from the international education industry and the internationalisation of our young people. There is a perception that international students take university places from domestic students and there is little understanding of the level of contribution that international students make to Australia education sectors, both financially and culturally. In addition some international students find it difficult to feel welcome in Australia and struggle to integrate, make new friends and find employment detracting from their potential contribution.

A coordinated communications campaign to educate Australian society about the benefits and realities of international education and students, and internationalisation would contribute significantly to improving this situation. Additionally if business were to better understand the opportunity and scale of the international education industry it is more likely they would work in public private partnerships with government to provide solutions to recognised issues such as accommodation, transport and healthcare.

Another area where Australia can learn and improve on its past is the link with migration and education. It is widely recognised that higher levels of education have a positive effect at a personal and societal level. With the nation's declining birth rate, ageing population and skills shortages, Navitas believes the Australian Government should reconsider its break between education and migration in the near future. Migration should be linked to education in recognised areas of skills shortages and monitored closely, but as Australia considers expanding its migration program 'locally' educated and skilled people who are familiar and comfortable with Australian society should be given priority. We operate in a globally mobile world and many international and Australian students now look for temporary, and in some cases, permanent migration opportunities that allow them to live and work outside their home countries. Additionally some migrant and refugee groups can experience high unemployment and successful initiatives such as the employment pathways program offered under the Adult Migrant English Program should be expanded.

Finally, Navitas believes that a greater focus should be maintained on a genuine interest in and commitment to benefiting the countries from which international students are drawn from and with which educational cooperation and collaboration occurs. It goes without saying that there is considerable benefit in terms of political and soft power for Australia as an outcome of the international education sector. In addition a commitment to help improve regional human capital and capacity building as a whole through the benefits of education, training and improved relationships will only have positive outcomes for Australia.

- Ends -

Submitted by Navitas Limited and authorised by Navitas CEO, Rod Jones.
Level 2, Kirin Centre
15 Ogilvie Road, Mt Pleasant
WA 6153 Australia

About Navitas

Navitas is a global education provider that offers an extensive range of educational services for students and professionals including university programs, English language training and settlement services, creative media education, workforce and professional education, and student recruitment.

More than 80,000 students and clients learn with Navitas across a network of over 100 colleges and campuses in 23 countries. Navitas is an Australian publicly listed corporation which is included in the ASX 200 index.

Navitas is an industry leader in pre-university and university pathway programs, and managed campuses. It offers university programs from colleges in Australia, UK, US, Canada, Asia and Africa.

English Language training includes the provision of English as second language courses for international students and English language, settlement and work preparation programs for migrants and refugees.

Navitas Workforce provides quality higher education and vocational training, with aligned employment and placement services in areas of key demand. Focusing on meeting business and industry needs for skilled human resources, it provides the capabilities that find, train and place “work ready” skilled employees.

Via SAE and Qantm Navitas is a leader in creative media education offering audio, film and new media qualifications around the world.

Navitas also offers student recruitment services in India and China for universities and other educational institutions in Australia, Canada, US and UK.

Further details about Navitas are available at www.navitas.com.