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# Review of Senior Secondary Pathways into Work, Further Education and Training Submission to the Education Council

December 2019





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## Executive Summary

Support for our young Australians is going backwards. One of the most important priorities for any society is to educate the next generation and provide them every opportunity to successfully transition from school education into employment or further education.

The evidence indicates that in Australia we are not fulfilling this role as well as we could be. With a youth unemployment rate three times higher than the unemployment rate for people aged 25 or over, declining standards for literacy and numeracy, and an emphasis on higher education pathways regardless of outcomes, there is much scope for improvement.

In secondary school, there needs to be, at the least:

- Stronger focus on encouraging work experience, including part time work
- Better informed and more accessible careers information and advice
- The promotion of vocational education and training (VET) as an important alternative to higher education
- Minimum standards for literacy and numeracy.

It is critical to consult industry as to the most appropriate VET and academic pathways that would best prepare students for employment in their industries. This would include useful guidance to schools, students and parents as to the most appropriate VET qualifications, including pre-apprenticeships and school based apprenticeships.

We also put forward an idea for the longer term that will require extensive consultation to tease out the implications as well as the opportunities. For over half a century we have been stuck in a 2-year senior secondary school mindset even when the world of work and education retention has changed dramatically during that time. If we are willing to reimagine secondary school education, it may be that a 3-year secondary school experience encompassing both work and learning would be a good option for many students, whether they aspire to work straight after school or undertake further education first.

This submission comments on the issues around senior secondary transitions to education, training and work, and provides the following recommendations:

**Recommendation 1:** Encourage school students to undertake part time or holiday work.

**Recommendation 2:** Implement a new plan, led by the newly established National Careers Institute, across all Governments and with extensive involvement of industry, to ensure there is adequate provision of well-informed careers advice in all schools.



**Recommendation 3:**

Facilitate the delivery of industry-based careers information to students, parents, careers advisors, and promote and increase industry engagement in career advice in schools.

**Recommendation 4:** Enhance the ComparED website and allocate resources to promote it to the target cohort of school students, parents and more broadly to those who are considering higher education options.

**Recommendation 5:** The National Careers Institute to assume a leadership role and create a Careers Clearance House to facilitate information sharing.

**Recommendation 6:** Promote all post-secondary pathways as genuine options, especially VET and combat its lower profile and associated negative perceptions.

**Recommendation 7:**

Improve VET for school student outcomes by:

- More clearly delineating VET from vocational learning and improving the quality of delivery in both forms of work related learning.
- Creating a channel to ensure that VET offerings at school are meeting industry needs
- Improving work experience opportunities for VETiS students
- Exploring alternative vocational learning options that apply learning in practical contexts.

**Recommendation 8:**

Create more school-based apprenticeship opportunities:

- Promote school-based apprenticeships and traineeships to students and parents as potential pathways.
- Improve the incentives for employers to take on ASBAs and promote the option to business



- Increase schools' capacity to liaise with businesses who are willing to employ more school-based apprentices or trainees.
- Encourage greater school timetable flexibility to allow more days at work.

**Recommendation 9:** Review pre-apprenticeship pathways on an industry level to identify clear guidelines on entry levels into an industry.

**Recommendation 10:**

To improve the transitional outcomes to higher education:

- Alternatives to the ATAR should be explored, including selection processes that customise higher education course needs to relevant SSCE results.
- Promote STEM skills at school, but recognise and promote to students that not all STEM disciplines studied in higher education have the same employment outcomes.

**Recommendation 11:** Increase access to work experience at all levels of education and training so job seekers are able to gain valuable skills to become productive in a workplace and meet employer expectations.

**Recommendation 12:** Introduce minimum standards for literacy and numeracy for all school leavers that relate to the standards required in the workplace using international standards such as PISA as the benchmark.

**Recommendation 13:** Initiate consultation to explore the opportunities that could arise if there was an option of extending senior secondary school to three years in order to:

- Establish what would be a workable "school based" apprenticeships given this extra time including in occupations or industries that have not traditionally had apprenticeship pathways.
- Broaden and deepen academic learning, including applied learning that builds basic literacy and numeracy skills
- Allow for work experience to be better integrated with academic learning.



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## 1 Introduction

The Australian Chamber of Commerce and Industry (ACCI) welcomes the opportunity to provide a submission to the Education Council Panel's Review of Senior Secondary Pathways into Work, Further Education and Training.

As the panel noted in its Discussion paper, a number of Federal and State Government reviews have previously explored transition pathways and recently other reviews in the education sector such as the Joyce VET Review have signalled the importance of expanding transition pathways. ACCI has made representations to these different reviews and inquiries and request that the Panel consider the substantial feedback and insights from those processes.

A student's successful transition from school to work or further education is critical to improve the productive capacity of the economy, ensure that the economic and societal costs of youth unemployment are minimised, and adverse social and health outcomes for the individual are avoided. With Australia's youth unemployment rate at 11.8 percent compared to the unemployment rate in the labour force at 5.2 percent<sup>1</sup>, a robust and transparent discussion on transitional pathways to work and education is vital to ensure more young people do not fall through the cracks.

To improve the transition from school to work, regardless of the economic climate, education systems should aim to ensure that individuals have the skills required in the labour market and addresses the current shortcomings in the way we inform students about their study and job choices.

ACCI recommends pursuing stronger policies that include improved use of industry-informed VET pathways, better career development, improving job readiness, and promoting apprenticeships and VET more broadly. As a longer term solution, it is recommended that a reimagined approach to senior secondary education is explored, where there is greater flexibility to combine study and work options, including a significant expansion of school based apprenticeships.

## 2 Current State of Transitions

A successful transition can be considered as one where a school leaver is enrolled in either full time study or full time employment in the following year. There are a number of other definitions such as the one used by Deloitte Access Economics in their 2012 report on Youth Transitions Evidence Base<sup>2</sup>. The report considers individuals making good transitions from school are those who over three or four of the four annual surveys since leaving school have been fully engaged in either full-time work, full-time study at or above Certificate III level or a combination of part-time work and part-time study at or above Certificate III level.

With the definitional context now set the current engagement levels of Australian youth in education and employment need to be considered. Internationally, according to the 2017

<sup>1</sup> ABS 2019, Labour Force Statistics October 2019, <<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>>

<sup>2</sup> Deloitte Access Economics 2012, Youth Transitions Evidence Base: 2012 Update,  
<<https://docs.education.gov.au/system/files/doc/other/youthtransitionsevidencebase19nov2012.pdf>>



Organisation for Economic Co-operation and Development (OECD) Education at a Glance report<sup>3</sup>, on average across OECD countries:

- More than 90 percent of 17-year-olds are still enrolled in education.
- 53 percent of 18-24 year-olds are in education, 32 percent are not in education but employed, and 15 percent are neither employed nor in education or training (NEET). The percentage of NEETs includes not only those who have not managed to find a job (unemployed), but also those who are not actively seeking employment (inactive).
- 68 percent of 18-24 year-olds not in education are employed. This figure is above 75 percent in about one-quarter of OECD countries, including Australia, Austria, Iceland and the Netherlands, New Zealand, Norway, Sweden and Switzerland. In the other countries, young people have more difficulty entering the labour market when they leave the education system.
- Between 2005 and 2016, the share of 20-24 year-olds not in education and employed has fallen by about 5 percentage points on average across the OECD, from 43 percent to 39 percent. This reflects not only unfavourable employment prospects, but also a general trend of increased access to higher education among young adults.

The 2019 Brotherhood of Saint Lawrence *Prosperity's Children* report<sup>4</sup> reveals the unacceptable state at play of youth unemployment in Australia, with an estimated 265,000 young people unemployed. The overall youth unemployment rate of 12 percent is three times higher than the unemployment rate for people aged 25 or over. Tasmania, Western Australia, Queensland and South Australia have the highest youth unemployment rates.

According to the BSL report, the long-term youth unemployment figures are even more concerning. Nearly one in five unemployed 15 to 24 year-olds today have been out of work for 52 weeks or more, representing an estimated 46,990 young Australian. This can be compared to ten years ago, when just under one in ten young Australians were unemployed for 52 weeks or more, equating to almost 21,000 young Australians. This stark comparison indicates that long-term youth unemployment has doubled over the past decade.

While youth unemployment remains determinedly high, there are some industries and occupations which are expected to experience substantial job growth. Employment projections from the Department of Employment, Skills, Small and Family Business reveal that occupations that require a VET qualification are likely to show the greatest growth to 2023, particularly the profession of personal carer which is expected to contribute 82,500 additional jobs by 2023.<sup>5</sup> However, the current VET system is not on track to meet future demand in many of the growth occupations, and there this conflicting picture of young people out of work, and the growth in jobs that are available illustrates the challenge – and the opportunity. There is a lot to be done if young people are going to be armed to meet the needs of the future workforce.

<sup>3</sup> OECD 2017, Education at a Glance 2017: OECD Indicators, Transition from school to work: where are the 15-29 year olds?, <[https://www.oecd-ilibrary.org/education/education-at-a-glance-2017\\_eag-2017-en](https://www.oecd-ilibrary.org/education/education-at-a-glance-2017_eag-2017-en)>, accessed 6 December 2019.

<sup>4</sup> Brotherhood Saint Laurence (2019), Prosperity's Children Youth Unemployment in Australia, <http://library.bsl.org.au/showitem.php?handle=1/11694>, accessed 9 December 2019.

<sup>5</sup> Brotherhood Saint Laurence (2019), Prosperity's Children Youth Unemployment in Australia, <http://library.bsl.org.au/showitem.php?handle=1/11694>, accessed 9 December 2019.



## 2.1 Student Expectations

A study of the 2015 Programme for International Student Assessment (PISA) results by the Australian Council for Educational Research (ACER), reveals that particular to the Australian context, in 2015, over 50 percent of students in Australia expected to complete a university degree, with a further 35 percent expecting to complete Year 12 or a Certificate IV level qualification (generally associated with apprenticeships)<sup>6</sup>.

On average, only a few students (less than 3 percent) expected to terminate their education during lower secondary school without pursuing further qualifications, which was half the proportion across OECD countries, on average (6 percent)<sup>7</sup>. The proportion of Australian students who expected to complete a university degree was higher than the average across OECD countries. At the same time, the proportion of Australian students expecting to leave school without completing any qualifications was significantly lower than the OECD average. Australia thus does quite well compared to the other OECD countries on transition to further education.

According to *Generation Z: Leaving School*<sup>8</sup>, which utilises LSAY data, Year 12 completion rates have increased from 76 percent in 2009 to 84 percent in 2018. This is also reflected in the expectations of young people. A comparison of PISA data between 2003 and 2015 reveals that Australian students are increasingly staying in education for longer:

- Around 3 percent of students in each of the four cycles of PISA expected to leave school early without pursuing any further education or training, with this relatively unchanged over 12 years.
- More Australian students are planning to complete Year 12 or a Certificate IV than in the past. In 2003, 23 percent expected to finish their studies at Year 12 or to undertake a Certificate IV qualification (this grouping surveyed to ensure international comparison), and by 2015 this had increased to 35 percent.
- In 2003, 8 percent of Australian students thought that they would complete a TAFE diploma and by 2015, this proportion had decreased by more than half, to 3 percent.
- In 2003, 63 percent of Australian students expected to undertake a university degree, and by 2015, this had decreased to 54 percent<sup>9</sup>.

According to these statistics, Australian students indicated a higher likelihood of completing education to year 12. The expectations of transitioning into, largely, higher education are still high, but these figures show that these expectations have fallen for both VET and higher education.

The NCVER's *Generation Z: Leaving School* report provides a complementary picture. Post-school plans for young Australians include<sup>10</sup>:

- 59 percent - Go to university
- 13 percent - Work at a job
- 11 percent - Apprenticeship, traineeship or VET study

<sup>6</sup> ACER 2018, PISA Australia in Focus Number 2, Educational expectations, <<https://research.acer.edu.au/ozpisa/31/>>.

<sup>7</sup> ACER 2018, PISA Australia in Focus Number 2, Educational expectations, <<https://research.acer.edu.au/ozpisa/31/>>.

<sup>8</sup> NCVER 2019, 'Generation Z: Leaving School', <<https://www.lsay.edu.au/publications/search-for-lsay-publications/generation-z-leaving-school>>.

<sup>9</sup> ACER 2018, PISA Australia in Focus Number 2, Educational expectations, <<https://research.acer.edu.au/ozpisa/31/>>.

<sup>10</sup> NCVER 2019, 'Generation Z: Leaving School', <<https://www.lsay.edu.au/publications/search-for-lsay-publications/generation-z-leaving-school>>.



- 10 percent - Take a gap year/ time off
- 3 percent - Other
- 4 percent - Don't know

A majority of young Australians surveyed reported plans to go to university after year 12 more than any other pathway. Of the 59 percent who planned to go to university, a majority did go to university while some transitioned into work:

- 69 percent are at university
- 16 percent are working (no study/training)
- 9 percent are doing an apprenticeship, traineeship or VET study
- 6 percent are not in education, employment or training

Of the 13 percent who planned to get a job, a majority were in a job, a small proportion were in an apprenticeship/traineeship (which includes work). However, a concerning proportion were NEET:

- 9 percent are at university
- 57 percent are working (no study/ training)
- 20 percent are doing an apprenticeship, traineeship or VET study
- 14 percent are not in education, employment or training

Of the 11 percent who planned to do an apprenticeship, traineeship or VET study, a majority were in an apprenticeship or VET study. However, a considerable proportion were also in work, while a small proportion went on to university:

- 5 percent are at university
- 35 percent are working (no study/ training)
- 51 percent are doing an apprenticeship, traineeship or VET study
- 8 percent are not in education, employment or training

## 2.2 Work Experience

In terms of the transition to employment, the ABS Labour Force Statistics provides a holistic picture of 15-19 year olds, the cohort that are most likely to transition into work after their year 12. As can be seen from figure 1, the proportion of those in full time employment has decreased over the decades from 39 percent in 1979 to 11 percent in 2019. Another dramatic change has been in those engaged in part-time work, an increase from 10 percent in 1979 to 34 percent in 2019. These changes correspond to the increased uptake in further tertiary education. Most significantly the change over time has seen an increasing proportion (40 percent in 1979 to 46 percent in 2019) who are not in the workforce.

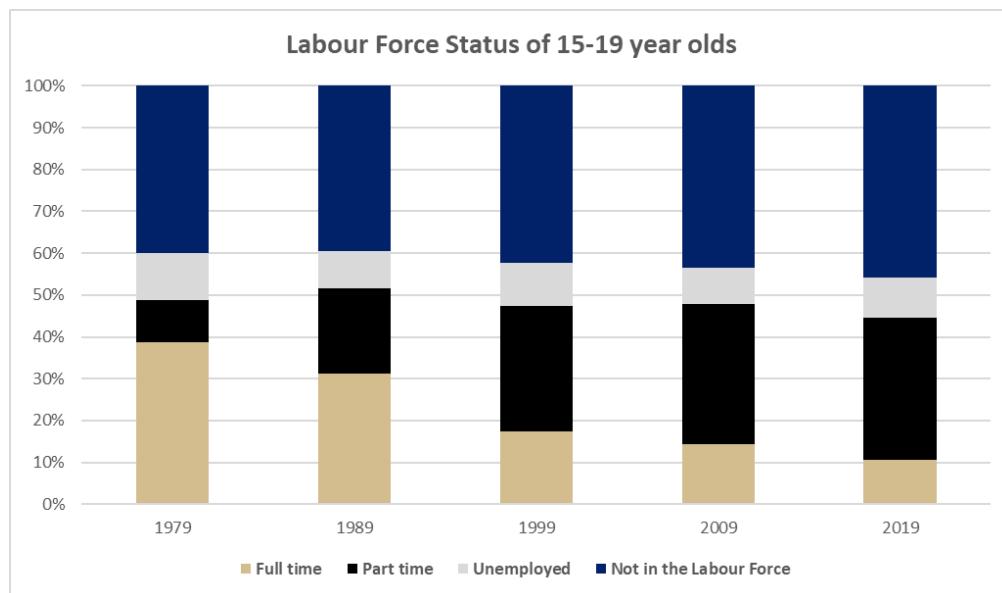


Figure 1: Labour Force Status of 15-19 year olds<sup>11</sup>

The decline in 15-19 year olds engaging in the labour force is further illustrated by figure 2. The participation rate of this cohort has decreased from a high of 64.5 percent in December 1980 to a low of 52.1 percent in December of 2013. In October 2019, the participation rate sat at 55.2 percent. The consequence is that many young people do not develop valuable skills that arise from work until they are adults (over 18), by which time the cost of their employment is at or close to adult rates where they will be competing against job seekers with much more experience. This lack of work experience has hindered successful transitions from education to work and has made it all the more important for young people while they are still at school to acquire skills needed in the workplace so they can make a successful transition into the workforce when they are ready.

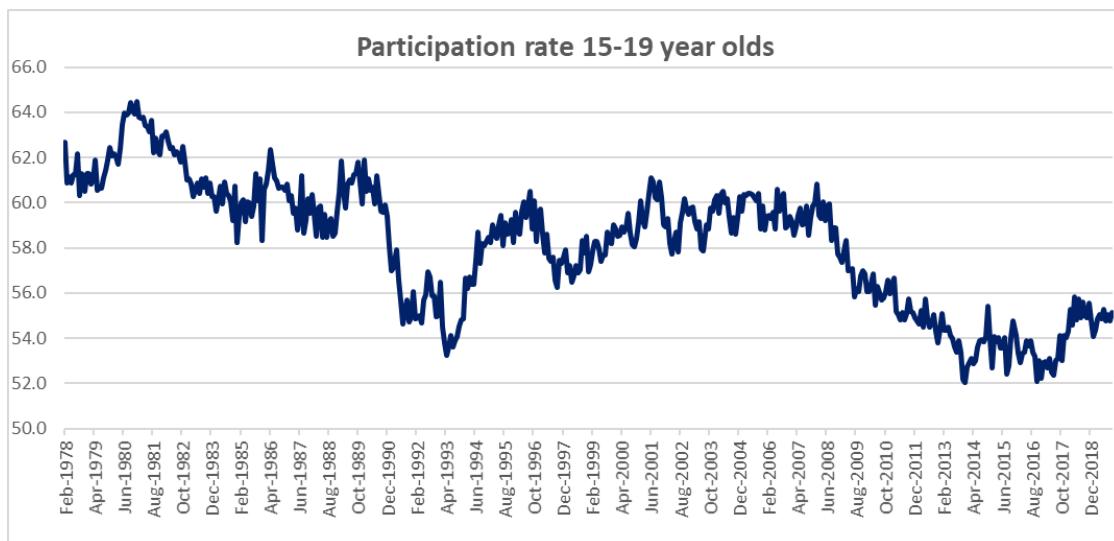


Figure 2: Participation Rate of 15-19 year olds<sup>12</sup>

<sup>11</sup> ABS 2019, Labour Force Statistics October 2019, <<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>>.

<sup>12</sup> ABS 2019, Labour Force Statistics October 2019, <<https://www.abs.gov.au/ausstats/abs@.nsf/mf/6202.0>>.



NCVER data reveals that the top 5 reasons for leaving school before graduating includes<sup>13</sup> :

- 20 percent - Had a job, apprenticeships or traineeship to go to
- 16 percent - Wanted to get a job, apprenticeship or traineeship
- 13 percent - Didn't like School
- 11 percent - Not doing well in school
- 7 percent - Wanted to do study or training that wasn't available at school

The importance of work related experience for young Australians does not imply that leaving school earlier than Year 12 leads to better labour market outcomes. There is a strong correlation between low educational attainment and a poor transition to the workforce. 37 percent of students who leave school in Year 10 end up not participating in education, employment, or training, compared with just 11 percent of those with a tertiary qualification. Additionally, the same report finds that two in three young people aged 16-24 will spend up to 3 months out of education and work. The longer a young person is unemployed, the harder it is to find work, with one in five people aged 16-24 spending 12 months or more out of education or employment.

Although increased participation in education until Year 12 is critically important, it comes with a decline in early engagement with work for many young Australians, which need to be accommodated in other ways. There is no better preparation for work than other work, so policy settings and solutions need to identify the best mechanisms of delivering to school students who have not worked, a strong understanding of the skills and attributes that employers look for and sufficient vocational learning and work experience to achieve a successful transition, whether to work or further education.

**Recommendation 1:** Encourage school students to undertake part time or holiday work.

### 3 Careers Advice and an Informed Market

An effective and coordinated national approach to careers development, and of particular relevance to transitions, a careers education strategy at schools, will effectively serve students with better information and advice throughout their life. The national careers education strategy which emerged from a fraught policy process and released in 2018 is inadequate to the task, being too general in nature and not sufficiently resourced to have impact on the ground. Careers education is a task of all Governments working with industry – no single jurisdiction can effectively achieve substantial improvement on its own.

A well-informed careers market will improve the chances of skill needs being met and will assist in ensuring that investment in education and training is more effective. The delivery of careers information to students is a vital aspect of an informed market. Career advisors and teachers are a valuable resource to guide students to their future education and employment pathways. When properly informed they can play a significant role in raising awareness of potential jobs and career pathways across industries, especially those experiencing growth, in high demand or skills

<sup>13</sup> NCVER 2019, 'Generation Z: Leaving School', <<https://www.lsay.edu.au/publications/search-for-lsay-publications/generation-z-leaving-school>>.



shortages. The key role of careers advisors is to match students' interests and expectations to what jobs are in the market, including outcomes to expect from choosing various pathways.

### 3.1 Advice Bias

A majority of young people surveyed in the Year 13, *After the ATAR II*, report that they are still receiving their most trustworthy career advice from their parents (56 percent), internet (42 percent), teachers (40 percent) and career advisors (38 percent)<sup>14</sup>. Interestingly, only 15 percent of survey respondents believe their parents have a well-rounded understanding of private education options, 16 percent of vocational education, and 26 percent of apprenticeships and traineeships. Meanwhile, 66 percent of youth believe their parents have a well-rounded understanding of university, potentially forming more bias towards higher education, whether it be conscious bias or not. In a 2017 survey, Year13 asked Australian parents which career option they felt was best for their child. After following a passion (43 percent), 32 percent of parents believed higher education to be the best career option for their child. Vocational education (7 percent), apprenticeships and traineeships (6 percent), and entering the workforce (3 percent) all came in with significantly lower support than university<sup>15</sup>.

These are concerning statistics since students without a pronounced interest in a career, field or pathway are likely to be provided advice herding them into the most accepted common pathway and courses, which are not necessarily tailored to their interests or strengths and with little reference to the potential for securing a job post university. With their circle of influence (parents, peers, careers advisors and role models) also promoting certain pathways over others, students do not have a well-rounded understanding of the opportunities within employment and education.

With high school providing a pivotal gateway for young people entering various industries, occupations and educational pathways, it is important that all opportunities are portrayed accurately and equally. However, as we have already discussed, this is not reflected in youth's understanding and consideration of different post-school options. 56 percent of students do not consider doing an apprenticeship or traineeship when leaving school and 43 percent of students say they are either not sure whether their school did, or are sure their school did not, offer school-based apprenticeships<sup>16</sup>.

As reflected in figure 3, 49 percent claimed to have a good or strong understanding of university compared to vocational education, of which only 19 percent of students had a good or strong understanding. 27 percent of respondents felt they had no understanding of private tertiary education, while only 3 percent of respondents claimed to have no understanding of university. This reflects the significant skew of information and influence towards universities that come at the expense of the VET sector. Bias in career advice is a definite concern with 52 percent of survey respondents claiming they wanted more access to unbiased career advice in high school. Many young people felt they were not being provided with a deep understanding of all available post-school options and were simply being pushed to pursue university, with 46 percent of young people

<sup>14</sup> Year 13 2019, *After the ATAR II*, <<https://year13.com.au/articles/after-the-ATAR-II>>.

<sup>15</sup> Year 13 2019, *After the ATAR II*, <<https://year13.com.au/articles/after-the-ATAR-II>>.

<sup>16</sup> Year 13 2019, *After the ATAR II*, <<https://year13.com.au/articles/after-the-ATAR-II>>.



claiming they faced ‘too much’ pressure from their school to enter university and only 10 percent saying they faced no pressure at all<sup>17</sup>.

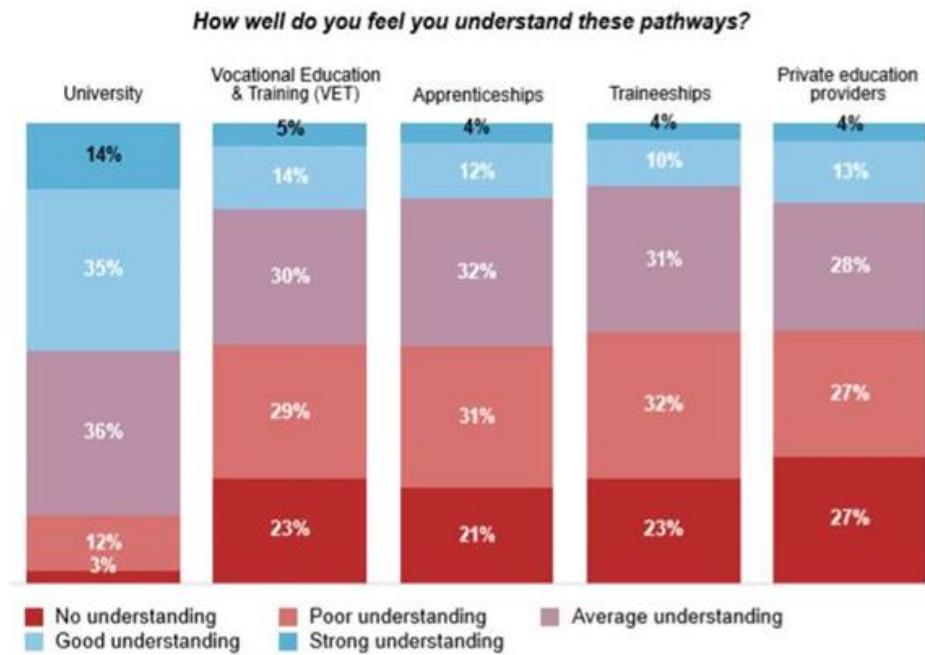


Figure 3: Australian Youth's understanding of post school options<sup>18</sup>

Year13 survey respondents were asked whether they saw apprenticeships as more of an employment or education pathway, and the majority (51 percent) believed apprenticeships were a form of employment, 23 percent believed it was a form of education while 26 percent were not sure what it meant to complete an apprenticeship. This perception has implications on the way apprenticeships and the VET system as a whole is perceived and the type of messaging that can be used to convey the reality and benefit of apprenticeships and VET.

This bias is also clear from the Mission Australia's Youth Survey 2017, which indicated that the vast majority of senior school students are planning on going to university when they graduate, significantly more than the 20% planning to attend TAFE or start an apprenticeship<sup>19</sup>.

<sup>17</sup> Year 13 2019, After the ATAR II, <<https://year13.com.au/articles/after-the-ATAR-II>>.

<sup>18</sup> Year 13 2019, After the ATAR II, <<https://year13.com.au/articles/after-the-ATAR-II>>.

<sup>19</sup> Mission Australia 2017, Youth Survey Report, <<https://www.missionaustralia.com.au/publications/youth-survey/746-youth-survey-2017-report/file>>.

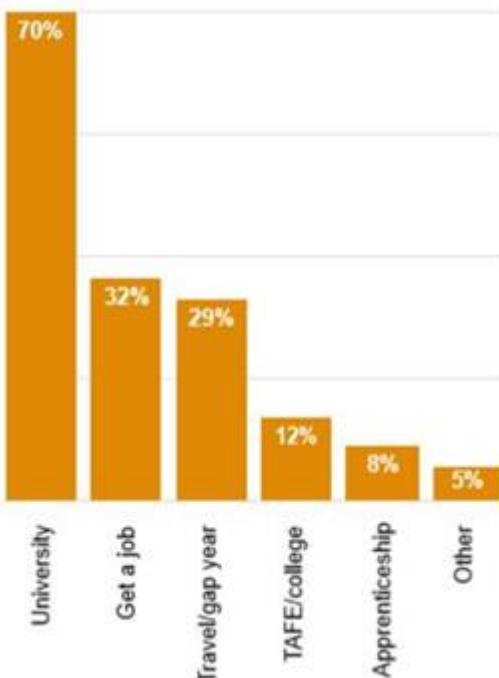


Figure 4: Senior School Students Transition plans after graduation<sup>20</sup>

Lack of funding and resources for career initiatives in high school was a major issue with some schools reported having, on average, less than \$3 per student to spend on career education<sup>21</sup>. With the prospect of more funding for careers related activities channelled through the recently established National Careers Institute (see 3.4), together with more resources and education, it is hoped that career advisors, parents and other youth influencers will be better equipped to ensure young people are considering all of their post-school options and making the decision that is right for them. An important aspect of providing comprehensive, unbiased and up-to-date career advice to young people is to put in place strategies that encourage schools and careers advisors to work more collaboratively with industry not just at the local level but with industry associations so as to better understand what jobs are in the market and what skills are needed.

**Recommendation 2:** Implement a new plan, led by the newly established National Careers Institute, across all Governments and with extensive involvement of industry, to ensure there is adequate provision of well-informed careers advice in all schools.

### 3.2 Perspective of Business

Careers information needs to embrace all industries, occupations and the pathways to access these jobs, regardless of education sector, involving both VET and higher education pathways. The

<sup>20</sup> Mission Australia 2017, Youth Survey Report, <<https://www.missionaustralia.com.au/publications/youth-survey/746-youth-survey-2017-report/file>>.

<sup>21</sup> Year 13 2019, After the ATAR II, <<https://year13.com.au/articles/after-the-ATAR-II>>.



NSW Business Chamber's 2019 *Workforce Skills Survey* reported that only 11.7 percent of business respondents agreed that sufficient career advice is available in schools<sup>22</sup>. Most importantly, the difficulty of career advisors trying to keep pace with the changing nature of work, across industries is a major issue, since it affects the quality and accuracy of advice provided to students. In some instances, there is a disconnect between advice provided by counsellors and the practical reality of what a particular industry is experiencing. Industry needs to be co-opted into the process so career advisors receive direct feedback from employers on what jobs are in the market and what skills are in demand. The *Workforce Skills Survey* reported that over 60 percent of businesses expressed interest in supporting more school students into work by mentoring or providing work experience.

To increase industry engagement in the process, as elaborated in section 3.4, ACCI recommends that the upcoming National Careers Institute be tasked with setting up a 'clearance house' of career related information where approved bodies such as industry organisations can deposit information in order for it to be available to career stakeholders such as schools, careers advisers and employment services. This could include industry research, upcoming industry job expos, advice on training pathways or local presentations that may be of interest to students and job seekers. Jobs fairs and careers expos, both local and on a larger scale, should be reviewed to identify best practice approaches. Currently, these events can be expensive for employers to participate in, so occasions to present a diverse range of careers and job opportunities can be missed.

### **Recommendation 3:**

Facilitate the delivery of industry-based careers information to students, parents, careers advisors, and promote and increase industry engagement in career advice in schools.

## **3.3 QILT/ComparED**

An important aspect of an informed market is to provide school students and others seeking to further their studies with an understanding of the student experience, employment and salary outcomes for a range of institutions and fields of study. The Quality Indicators for Learning and Teaching (QILT) now renamed 'ComparED', is the Federal Government run resource website that provides this information for the higher education sector.

This website is highly valuable for potential higher education students who can browse through various courses offered by universities and compare student satisfaction and employment outcome across the range. The website would benefit further improvement to:

- include comparators for combined degrees
- provide links to demonstrate what jobs the qualifications would lead to
- link to occupation forecasting such as contained on [joboutlook.gov.au](http://joboutlook.gov.au).

<sup>22</sup> NSWBC 2019, *Workforce Skills Survey*, <[https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/Workplace%20Skills/Recent%20submissions%20and%20publications/2019-Workforce-Skills-Survey-Report-FINAL\\_1.pdf](https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/Workplace%20Skills/Recent%20submissions%20and%20publications/2019-Workforce-Skills-Survey-Report-FINAL_1.pdf)>.



A major issue with ComparED is that it is not sufficiently marketed to the target cohort – school students. There are no resources behind the promotion of the website. The domain name – qilt.edu.au and now compared.edu.au - has also been a source of contention since its inception. The Australian Chamber sits on the QILT working group and had recommended a change in name even before it was launched, as QILT failed to convey the meaning of the resource. The switch from QILT to ComparED was made with limited consultation and once again the concern will be that it may fail to resonate with the target audience. These considerations need to be part of a review of an appropriate digital careers platform, as recommended in our submission on the National Careers Institute.

**Recommendation 4:** Enhance the ComparED website and allocate resources to promote it to the target cohort of school students, parents and more broadly to those who are considering higher education options.

### 3.4 National Careers Institute

A key recommendation of the 2019 Joyce VET Review was the National Careers Institute (NCI). Achieving national leadership in careers development has been an important policy goal of ACCI for many years. The NCI has the ability to provide national leadership and effective action in the important area of creating an informed careers market. Improved careers information and advice will result in better job matching and a more efficient and effective spend on education and training. ACCI envisions that the NCI will hold a leadership position in a career development system, which has the career seeker at the centre, interacting with influencers such as parents and friends, as well as other key parts of the system including schools, tertiary education providers, careers advisors, employment services, industry bodies and employers.

ACCI sees one of the key opportunities of the National Careers Institute would be to create a ‘clearance house’ where information is deposited, exchanged and accessed (essentially a wholesale shop for careers advisers) between industry and career practitioners and other key stakeholders such as schools. Particularly within a federated environment, maintaining direct links between industry and schools, careers advisers, employment services and other key sources of career information is practically impossible without some platform for exchange.

The clearance house should be appropriately curated so that it is presented in an accessible, logical way. It would:

- enable industry to communicate with career stakeholders and schools in a managed way that fills a gap created through the impracticality of each industry body having a database of career advisers.
- encourage career practitioners and other stakeholders to register to receive and otherwise access information that is relevant to their needs, including that which relates to career activities in their region.



Although some of the information may be usefully posted in the public domain, the primary role of the clearance house is that it is a ‘wholesale’ platform so information is made available for others to use in the advice they provide, or the information they present to their target audience.

**Recommendation 5:** The National Careers Institute to assume a leadership role and create a Careers Clearance House to facilitate information sharing.

## 4 Vocational Education and Training

For many occupations, a VET qualification is a requirement either as part of a licensed occupation such as plumbers, or a regulatory requirement such as in childcare. Particularly in these industries, interruptions to the pipeline can create significant economic impacts, as well as disruption to services. Even for those occupations where a qualification is not a requirement, the skills delivered by VET improve productivity, instil confidence and prepare people for work. Our VET system needs to be the best it can possibly be.

Although there are many reforms that can improve the operation of the VET system, in the context of this review, there are two fundamental issues to be addressed:

- With students, parents and career advisors unaware of the breadth of opportunities available in VET, promotion of the sector and the jobs it services to raise its status and profile are imperative to increase uptake and achieve better transition outcomes.
- Consistent funding across and within jurisdictions and real growth in overall funding so as to provide school graduates with more publicly funded opportunities post-school.

**Employer and Student Satisfaction in the VET sector:** At the delivery end, the news is generally positive with employer and student satisfaction still strong, despite some more recent weakening in these indicators. In 2017, over 4 million students were enrolled with over 750,000 program completions. Over half of the subject enrolments receive no government funding which demonstrates that employers and students willingly reach out to the VET system on a fee for service basis when needed. It also reflects the role VET plays in offering high volume short courses such as white cards and responsible service of alcohol courses.

**VET Employment Outcomes:** Over 85 percent of graduates and almost 89 percent of subject completers undertake their training for employment-related reasons, and the system delivers employment outcomes for graduates and subject completers<sup>23</sup>.

- 59 percent of graduates improved their employment status after training.
- 46 percent of subject completers improved their employment status after training.
- Of graduates employed after training, 71 percent received at least one job-related benefit (as defined by NCVER) which was a 3.5 percentage point increase compared to 2017.
- 80 percent of apprentices (including trainees) were in employment after training, and 91 percent of those did a trade apprenticeship.

<sup>23</sup> NCVER (2018), VET Student Outcomes, <<https://www.ncver.edu.au/research-and-statistics/publications/all-publications/vet-student-outcomes-2018>>



## 4.1 Perception of VET

As previously outlined, VET is still considered the poor second cousin to university and does not receive the same level of attention from parents, career counsellors and the media. There is a lack of awareness regarding the employability of VET graduates, their career earnings and prospects.

Contrary to the perceptions, the employment outcomes and earning potential of VET graduates are significantly positive.

78 percent of all VET graduates are employed immediately after completing their course, and 92 percent of graduates in a trade occupation course are employed after their training. As a comparison, according to some research it takes university graduates an average of 4.7 years to find full-time employment in their chosen field<sup>24</sup>.

In a recently released report, the Productivity Commission compared outcomes for students who have undertaken vocational education and higher education. The report found that at age 25, individuals with vocational qualifications were more likely than their higher education peers to be both employed full-time and earning more, keeping in mind this was early in their respective careers. These findings taken a step further in a Grattan Report, indicated that estimated lifetime-income overlap significantly between different education levels for both men and women<sup>25</sup>. While median earnings on average are higher for university graduates than those with a Certificate III/IV or diploma, some minorities of diploma (30 percent) and Certificate III/IV (20 percent) holders earn more. It can also be noted that the tail of bachelor-degree graduates earn less than a significant amount of people with lower qualifications, including Year 12. Almost 40 percent of undergraduates are forecasted to earn a lower amount than the median diploma holder. These results can be seen in figure 5.

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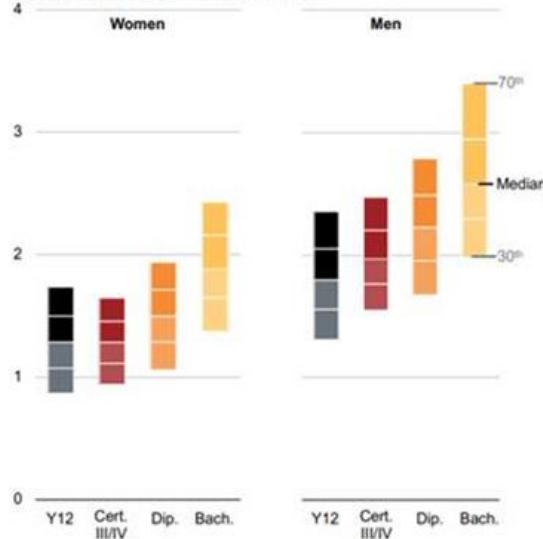
<sup>24</sup> Year 13 2019, After the ATAR II, <<https://year13.com.au/articles/after-the-ATAR-II>>

<sup>25</sup> Grattan Institute, Risks and rewards: when is vocational education a good alternative to higher education?, <<https://grattan.edu.au/report/risks-and-rewards-when-is-vocational-education-a-good-alternative-to-higher-education/>>



Figure 1.6: Bachelor and vocational qualifications have overlapping earnings ranges

Expected net lifetime earnings, \$2016 million



Notes: Post-tax lifetime income net of course costs. Australian citizens only. Diploma includes advanced diploma from both higher education and vocational education.

Based on highest qualification. Excludes people who were studying.

Source: Grattan Institute analysis of ABS (Census, 2016b).

Figure 5: Comparison of lifetime-earnings between vocational education and higher education students

These findings echo those found in the Year 13 survey, where results indicate that starting salaries of VET and university graduates are similar with VET graduates earning an average of \$56,000 a year once they finish their qualifications, while university graduates are earning \$54,000 on average. The financial gap widens when the amount of debt that university graduates accrue, is compared to the total earnings of a trade apprentice over the course of their training<sup>26</sup>.

Year	Carpentry Apprenticeship	Bachelor of Arts
Year 1	+ \$25,713	-\$6,750
Year 2	+ \$29,826.68	-\$6,750
Year 3	+ \$33,939.88	-\$6,750
Year 4	+ \$40,109.16	
Total	+ \$129,588.72	-\$20,250

\*Carpentry Apprentice (4 years), Civil Construction (Outside of QLD), weekly hire, full-time, under 21-years-old, finished Year 12, Building and Construction General On-site Award 2010 (MA000020)

\*\*The P.A.C.T Pay and Conditions Tool. (2017). Fair Work Ombudsman. [online] Available at: <https://calculate.fairwork.gov.au/CheckPay>

\*\*\*The University of Sydney. (2017). Bachelor of Arts- Courses - USYD. [online] Available at: <http://sydney.edu.au/courses/bachelor-of-arts>

Figure 6: Comparison of financial outcomes between a Carpentry Apprentice and a Bachelor of Arts student

The comparison in figure 6 demonstrates that VET students undertaking a trade apprenticeship have the potential to complete their training nearly \$150,000 financially better off than university

<sup>26</sup> Year 13 2019, After the ATAR II, <<https://year13.com.au/articles/after-the-ATAR-II>>.



graduates in certain disciplines<sup>27</sup>. For some VET graduates, this positive financial situation remains throughout their career, while for others, the earnings potential of higher education graduates outpaces many VET-related occupations presenting a mixed picture overall.

Employers who were respondents in the NSWBC's 2019 *Workforce Skills Survey* raised concerns about careers advice in schools not promoting trades well enough and university often being promoted as the preferred pathway post-school. This rings true with those in a student's circle of influence such as parents, peers, career advisors either unaware of the outcomes of a VET pathway or misguided by the reputation of the VET sector. A national survey of 1,010 Australians conducted by McCrindle Research reported, 79 percent of parents would prefer their children to go to university after school rather than take a VET pathway<sup>28</sup>. In the same survey, 28 percent felt 'the main reason Australians choose university over VET is because university graduates find work more easily'. However, 78 percent of VET graduates are employed immediately after completion, in contrast to only 39 percent of 20-25-year-old university graduates<sup>29,30</sup>. And when university graduates secure employment immediately after graduation, 41.9 percent of employed undergraduates in 2016 reported their skills and qualifications were not fully utilised<sup>31</sup>. This figure declined to 27.1 percent three years following graduation in 2019. One of the most commonly cited reasons for skills underutilisation (19.1 percent) was that there were no suitable jobs in their area of expertise.

The VET system has a lot to offer but there are issues that need to be addressed to make the system better. Instilling confidence in the VET system is the first step in encouraging more engagement from parents, students and career advisors and genuinely increasing uptake of this very important pathway.

**Recommendation 6:** Promote all post-secondary pathways as genuine options, especially VET and combat its lower profile and associated negative perceptions.

## 4.2 VET in Schools

VET in Schools (VETiS), is vocational training undertaken by school students as part of their senior secondary certificate of education (SSCE). The VETiS arrangement offers two main options:

- Students can undertake school-based apprenticeships and traineeships; or,

<sup>27</sup> Year 13 2019, After the ATAR II, <<https://year13.com.au/articles/after-the-ATAR-II>>.

<sup>28</sup> Year 13 2019, After the ATAR II, <<https://year13.com.au/articles/after-the-ATAR-II>>.

<sup>29</sup> Year 13 2019, After the ATAR II, <<https://year13.com.au/articles/after-the-ATAR-II>>.

<sup>30</sup> These negative outcomes from higher education are not as strongly reflected in the broader Graduate Outcomes Survey. Immediately following graduation 41.9 per cent of employed graduates reported their skills and qualifications were not fully utilised. This declined to 27.1 per cent three years after graduation in 2019. This is a slight improvement in medium-term outcomes from 27.2 per cent in 2018, 28.6 per cent in 2017 and 28.1 per cent in 2016. Of those who were employed full-time, 22.4 per cent felt that they were not fully using their skills or education in their current positions three years after graduation in 2019, down slightly from 22.6 per cent in 2018 and 23.6 per cent in 2017

<sup>31</sup> Graduate Outcomes Survey Longitudinal, QILT, <<https://www.qilt.edu.au/qilt-surveys/graduate-employment>>



- They can enrol in VET subjects and courses as credit towards their senior secondary certificate with the training either delivered in the school (acting as an accredited provider), or with a local Registered Training Provider (RTO).

2012 data from NCVER indicates that there were more than 250,000 VETiS students in Australia but by 2018, this had reduced to 230,700<sup>32</sup>. Around 16 percent of Australia's 15-to-19 year olds were enrolled in a VETiS course, with only 1.5 percent in school-based apprenticeships.

There is much that is positive about the opportunities presented to school students to study VET. However, there are four significant concerns that industry often expresses around VET delivered to secondary school students:

- That VET course offerings are often used as a form of engagement to keep students at school until year 12, rather than a genuine attempt to offer a pathway to work.
- The training facilities and trainer experience are often not of a sufficient standard to offer a quality VET experience to ensure industry competence.
- The courses chosen by schools can create post-school employment issues that limit options for students (such as qualifying the students for second year apprentice wages when they have not had the work experience to be productive as a 2<sup>nd</sup> year)
- Learning can be offered as VET accredited courses which is not what industry would consider as VET. They are enabling courses or vocational learning that are not job –facing VET. Often this is done for funding purposes – offering them as VET rather than part of the general school curriculum.

To address these concerns, the recommendations for VETiS are:

- Fund a project that captures the views of industry as to the most suitable vocational training qualifications for their industry to be delivered to school students in order to guide school systems as well as schools locally.
- Consistently differentiate vocational learning from VET with the aim of ensuring that VET qualifications are only delivered when the ingredients for quality delivery exist; otherwise develop a more common view of the opportunities for vocational learning that will achieve school goals of engagement as well as employability outcomes.
- Improve the work experience opportunities for VET students to improve quality outcomes.
- As a complement to VET delivered at schools, explore the possibility of an applied learning elective subject(s) in Year 11 and/or 12 (curriculum based) that allows students to apply academic learning in practical contexts and incorporates pre- apprenticeships or VET pathways that will better articulate to further education and apprenticeships beyond school.

### Recommendation 7:

Improve VET for School student outcomes by:

<sup>32</sup> NCVER 2019, 'VET in Schools 2018', <<https://www.ncver.edu.au/research-and-statistics/publications/all-publications/vet-in-schools-2018>>.



- more clearly delineating VET from vocational learning and improving the quality of delivery in both forms of work related learning.
- Creating a channel to ensure that VET offerings at school are meeting industry needs
- Improving work experience opportunities for VETiS students
- Exploring alternative vocational learning options that apply learning in practical contexts.

### 4.3 Australian School Based Apprenticeships

Australian School Based Apprenticeships (ASBA) allow students in Years 10, 11 or 12, to gain hands-on industry experience, earn a wage and the opportunity to complete a nationally recognised vocational qualification, whilst completing their SSCE. Students undertaking an ASBA arrangement are required to work a minimum of seven hours per week; continue studying at school for 3-4 days to complete their school units and; enrol with a training provider to complete relevant training and assessments in order to successfully gain the qualification. ASBAs are available in a variety of certificate levels, in more than 500 occupations across Australia, in traditional trades, as well as a diverse range of careers in most sectors of business and industry.

ASBAs are potentially a great pathway for students to be able to gain valuable work experience whilst completing their SSCE and it also puts them on track to proceed into a fruitful vocational career. However, there were only about 23,000 school-based apprentices in 2012 and this number has further dropped to 18,200 in 2018<sup>33</sup>. The take up of ASBAs is very low both from students and employers.

An interesting aspect of ASBA is the discrepancy in the offering of the option depending on location. 71 percent of rural students say their school offered school-based apprenticeships to their students, compared to 42 percent in the city<sup>34</sup>.

According to the NSWBC Workforce Skills Survey, only 9 per cent of businesses reported employing a school-based apprentice or trainee. The main reasons for the low rate of school-based apprentices were:

- Not having a need - 27.4 percent
- Not having sufficient time to supervise - 25 percent
- Needing an apprentice for more days per week than a school student could provide - 20 percent
- Not having enough information about school-based apprenticeships and traineeships - 21 percent
- Other reasons included the work was unsuitable for people under 18 or the positions had particular regulatory requirements such as requiring a high-risk work licence<sup>35</sup>.

<sup>33</sup> NCVER 2019, 'VET in Schools 2018', <<https://www.ncver.edu.au/research-and-statistics/publications/all-publications/vet-in-schools-2018>>.

<sup>34</sup> Year 13 2019, After the ATAR II, <<https://year13.com.au/articles/after-the-ATAR-II>>.

<sup>35</sup> NSWBC 2019, Workforce Skills Survey, <[https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/Workplace%20Skills/Recent%20submissions%20and%20publications/2019-Workforce-Skills-Survey-Report-FINAL\\_1.pdf](https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/Workplace%20Skills/Recent%20submissions%20and%20publications/2019-Workforce-Skills-Survey-Report-FINAL_1.pdf)>.



This reflects that although ASBAs offer valuable work and training to students, more needs to be done to increase the opportunities through ASBAs. This includes promoting their value to both students and employers, investing in the capacity of schools to interact with employers and business to create more opportunities for students and increasing the flexibility of timetabling within schools.

#### **Recommendation 8:**

Create more School Based apprenticeships opportunities:

- Promote school-based apprenticeships and traineeships to students and parents as potential pathways.
- Improve the incentives for employers to take on ASBAs and promote the option to business
- Increase schools' capacity to liaise with businesses who are willing to employ more school-based apprentices or trainees.
- Encourage greater school timetable flexibility to allow more days at work.

## **4.4 Pre-Apprenticeships**

A pre-apprenticeship is entry level training which can provide a pathway to an apprenticeship. They are offered in both trades industries, such as carpentry, electrical, plumbing and automotive and to a lesser extent in non-trade industries such as hospitality and retail. Pre-apprenticeships can provide literacy and numeracy and essential job-related skills which provide students with much needed skills to gain entry into an industry. Some pre-apprenticeships may also involve a work experience component, and some may attract a credit transfer to an apprenticeship level qualification.

Using pre-apprenticeships as pathways into an industry is not a one size fits all program. Currently, there is no visibility for students into the needs and requirements of industry to gain access or enter that industry. There needs to be a review of pre-apprenticeship pathways on an industry by industry basis to encourage the coordination and establish clearer guides to what will be acceptable. This will also capture what pre-apprenticeships could be delivered in schools, and ensure that problems created by competency-based progression do not limit the opportunities for young people to take up apprenticeships beyond school. Often schools do not realise that the courses they are offering can limit rather than enhance their students' post school VET options.

This review and articulation of the most appropriate pre-apprenticeship pathway for each industry can also maximise the return on investment in apprenticeships. It can be done concurrently with the compilation of the information of industry's recommendations for VETiS (see 4.2) and ASBAs/

Guidance from industry could also include what academic subjects would be particularly well regarded by their industry sector. This will allow students to target and take up courses and subjects relevant to their industry of choice while still at school. This model requires that schools be flexible with the combination of courses so students are also able to satisfy their SSCE requirements.



**Recommendation 9:** Review pre-apprenticeship pathways on an industry level to identify clear guidelines on entry levels into an industry.

## 5 Transition to Higher Education

It is clear from the evidence already presented that students and their parents rate higher education as their preferred pathway from school. It is also widely recognised that schools and their principals do the same. Significant emphasis in the marketing of schools is placed on how many of their graduating year 12 students are accepted into university and ATAR achievement features strongly in the marketing messages.

As mentioned in the Interim Report on the Review into the NSW Curriculum:

In the opinion of many who spoke to the Review, the senior years continued to be strongly skewed towards preparing students for university rather than providing all students with a broad education that would prepare them for further learning, life and work.<sup>36</sup>

The emphasis on the ATAR is all pervasive<sup>37</sup>. There is no doubt that it impacts on student choices of subjects<sup>38</sup> with a strong eye on which will give the highest ATAR outcome, as opposed to which is more appropriate for a future career. Subjects such as physics or higher maths may be sacrificed for “easier” subjects that will score better.<sup>39</sup> Even though universities are increasingly using criteria other than the ATAR to select students, it is still the principle method for high demand courses.<sup>40</sup>

The idea explored in the NSW Review interim report of not reporting an ATAR but instead allowing the selection criteria set for each university course to be customised and applied directly is worth further investigation. This hopefully will better incentivise students to choose more challenging courses in those areas where they are likely to pursue further studies beyond school.

As mentioned in our comments on career development, and informed market for school students about the jobs beyond higher education is critically important. In 1986, it took graduates an average of one year to gain full-time employment. Now it takes graduates an average of 4.7 years<sup>41</sup>. Joshua Healy, a senior research fellow at Melbourne University, suggests that the situation may be even worse than the data suggests, because when students graduate into a difficult job market, many simply return to study at postgraduate level.

<sup>36</sup> Masters, et al (2019), *NSW Curriculum Review Interim Report*, accessed 10 December 2019, p 94

<https://www.nswcurriculumreview.nesa.nsw.edu.au/pdfs/interimreport/chapters/NSW-Curriculum-Review-Interim-Report.pdf>

<sup>37</sup> Ibid. “ATAR has a dominating influence on teaching and learning”, p 99

<sup>38</sup> Ibid and also Bolton, R (2019), *I knew I could go further with that: how students game the ATAR*, 9 December 2019 <https://www.afr.com/work-and-careers/education/i-knew-i-could-go-further-with-that-how-students-game-the-ATAR-20191205-p53h39>, accessed 9 December 2019

<sup>39</sup> Ibid

<sup>40</sup> Donnelly, K (2019), *Time to drop the mediocrity of the ATAR*, Catholic Weekly, 26 October 2019, <https://www.catholicweekly.com.au/kevin-donnelly-time-to-drop-the-mediocrity-of-the-ATAR/>, accessed 10 December 2019

<sup>41</sup> Year 13 2017, After the ATAR, <<https://youthsense.com.au/research/after-the-ATAR-i/>>.



Importantly, there is a wide variation in employment outcomes depending on the discipline chosen. Higher education courses with a significant vocational component, and work integrated learning included, such as medicine, engineering and dentistry, have much higher employment outcomes. Social science and creative arts graduates have a much more difficult employment experience.

Even within the much promoted STEM disciplines, there are significantly different experiences – with engineering and tech graduates much more successful in finding work compared with science and maths graduates. This evidence should be playing a stronger part in informing students so as to avoid the generalisations that are made about STEM. There is no doubt that modern workplaces need STEM skills across most if not all occupations, and an emphasis on these skills at school is critically important. This does not mean that all students who are encouraged to pursue STEM careers will have successful transitions, as the variable employment outcomes demonstrate.

University student completion rates are also at a concerning low. According to government data, one third of university students fail to complete their degrees within six years of enrolment, and one in five university students drop out of their chosen course within the first year. Interestingly, these statistics are aligned to a 2004 survey of first year Australian university students, which found that a third of commencing students felt “ill-prepared to choose a university course on leaving school”. This is also supported by Year13’s research which suggests that 43 percent of Year 12 students still don’t know what they want to do when they leave school. It could potentially be concluded here that the lack of preparation in high school is therefore effecting university completion rates and first-year drop-out rates.

Most young people choose their university based on the course offered (79%), because it is ‘close to home’ (36%) or because it is perceived as a ‘prestigious’ university (32%). Of the options provided, respondents rank ‘college facilities (12%)’, ‘my friends were going there’ (12%), and ‘where my parents wanted me to go’ (8%), as the least influential reasons they chose their university.

#### **Recommendation 10:**

To improve the transitional outcomes to higher education:

- Alternatives to the ATAR should be explored, including selection processes that customise higher education course needs to relevant SSCE results.
- Promote STEM skills at school, but recognise and promote to students that not all STEM disciplines studied in higher education have the same employment outcomes.

## **6 Future of Work**

There has been a great deal of commentary issued about the future of work. At the one extreme, CEDA in its 2015 report highlights that 40 percent of current jobs are considered at high risk of automation over the next 10-15 years. According to this report, more than half of young Australian students are currently getting educated for dying jobs: nearly 60 percent of students are being trained in occupations where the vast majority of jobs will be radically affected by automation in the



next 10-15 years. This type of commentary can create unnecessary anxiety as people are concerned about where the jobs of the future will come from.

According to Deloitte's Future of Work report<sup>42</sup>, although technology is changing the future of work, it is not a substitute for people, and jobs will not disappear; rather the nature of jobs is likely to change. Employment in the roles that are hardest to automate, which require human skills, are growing. Over the next two decades, the jobs most unlikely to be automated are those that involve creative intelligence, social intelligence and problem solving. Such skills include confidence, communication, creativity, project management, enthusiasm for learning, critical thinking, team work, digital literacy, financial literacy and global citizenship. For young people to secure the jobs of the future, be they manual or cognitive, they will need to exhibit skills in these areas.

- For non-routine manual jobs, key skills in the jobs of the future that are at low risk of automation include basic problem solving, communication, and interpersonal skills.
- For non-routine cognitive jobs, key skills in the jobs of the future include complex problem solving, judgement, creativity, social intelligence and persuasion.

Deloitte refers to the work of the heart – roles that require interpersonal and creative skills as those likely to be the hardest to automate. Deloitte predicts that by 2030, one quarter of Australia's workforce will be professionals and most of these will be in business services, health, education or engineering.

Facilitating this transition between jobs/occupations and greater utilisation of transferrable skills are necessary for students to be able to cope with the changing nature and future of work. However, this outcome is achieved through the normal course of employment. Although moving from one occupation to another is usually thought of as a burden with significant costs to both employer and worker, jobs are actually more related to each other than previously thought, and not all jobs require an entirely new skill set. Many skills are in fact portable to other jobs, so on average when you train or work in one job, you acquire skills for 13 other jobs.

The implications of this future work context is that a broad preparation at school for future study, work and life is critically important. However, in circumstances where students are not going on to future full time study, it is also essential that in those studies at school that are vocational, providing high quality skills that are focused on particular jobs is very important in helping them obtain their first job post-school. As the BSL evidence shows, all effort needs to be applied to ensuring that young people do not experience long periods of unemployment post-school.

## 7 Job Readiness

### 7.1 Preparation for the Workplace

Employers increasingly report that young Australians are not prepared for the workplace with the technical as well as 'soft' skills needed to operate productively. According to the NSWBC's Workforce Skills Survey:

<sup>42</sup> Deloitte 2019, Why the Future of Work is Human, accessed 2 September 2019, <<https://www2.deloitte.com/us/en/insights/focus/technology-and-the-future-of-work/building-the-lucky-country.html>>



- 69.8 percent of employers reported having employed a person aged 24 or under in the past 12 months<sup>43</sup>.
- 50.9 percent felt that young people they had employed were either not at all or only somewhat prepared for the workplace mainly due to attitude and professionalism, not having the relevant technical skills or due to a lack of 'soft' skills such as communication and teamwork.
- 51.4 percent of employers felt that the education system was not equipping young people with the skills, knowledge and capabilities they need when entering the workforce.
- Many employers felt that poor preparation for the workforce could be addressed by providing young people with more work experience (67.7 percent), more development of soft skills (65 percent) and more training in employability and professionalism (64.2 percent) to help young people understand what employers expect in the workplace.

The key to better performance in the work place is more work experience which is a prevalent theme of this submission.

**Recommendation 11:** Increase access to work experience at all levels of education and training so job seekers are able to gain valuable skills to become productive in a workplace and meet employer expectations.

## 7.2 Literacy and Numeracy

The discussion paper rightly highlights the importance placed by employers on literacy and numeracy skills of school leavers to be able to perform in the work place.

The latest PISA results from 2018<sup>44</sup> provides concerning evidence of the declining levels of literacy and numeracy in our youth:

Reading Literacy: Australian students achieved an average score of 503 points, higher than the OECD average of 487 points. 10 countries/economies significantly outperformed Australia. Australia's performance in reading literacy was 1.3 years of schooling lower than the highest performing country, Singapore and 1.5 years of schooling lower than the highest performing economy, China (selected regions in China).

Mathematical Literacy: Australian students achieved an average score of 491 points, not significantly different than the OECD average score of 489 points. There were 23 countries/economies that significantly outperformed Australia. Australia's performance in mathematical literacy was 3 years of schooling lower than the highest performing country, Singapore and 3.5 years of schooling lower than the highest performing economy, China (selected regions in China).

<sup>43</sup> NSWBC 2019, Workforce Skills Survey, <[https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/Workplace%20Skills/Recent%20submissions%20and%20publications/2019-Workforce-Skills-Survey-Report-FINAL\\_1.pdf](https://www.nswbusinesschamber.com.au/NSWBC/media/Policy/Workplace%20Skills/Recent%20submissions%20and%20publications/2019-Workforce-Skills-Survey-Report-FINAL_1.pdf)>.

<sup>44</sup> ACER (2019), OECD Programme for International Student Assessment, <https://research.acer.edu.au/ozpisa/35/> accessed 10 December 2019



Scientific Literacy: Australian students achieved an average score of 503 points, higher than the OECD average of 489 points. There were 12 countries/economies that significantly outperformed Australia. Australia's performance in scientific literacy was 1.75 years of schooling lower than the highest performing country, Singapore and 3 years lower than the highest performing economy, China (selected regions in China).

Australia ranked 16th for Reading literacy, 29th for Mathematical literacy and 17th for scientific literacy out the 79 participating countries. Compared to the 2015 PISA results, where Australia ranked 16th for Reading literacy, 25th for Mathematical literacy and 14th for scientific literacy, the mean performance in all three domains has remained stagnant or declined.

The fall in mathematical literacy is particularly concerning, given the increasing importance of maths and digital skills in most occupations across the economy. It is also impacting further learning, with recent reports that university courses are needing to be adapted as the students do not have sufficient maths skills to cope with the curriculum in certain courses such as business studies.<sup>45</sup>

Of significant policy concern, school funding has risen but we are not seeing a positive impact on basic literacy and numeracy skills which should be the core requirement for the school system.

This is something that all governments through the COAG Education Council need to address. If Australia wants to be internationally competitive and create and sustain well-paying jobs, then we have to aim to improve our literacy and numeracy performance compared to other countries.

Although there are minimum standards of literacy and numeracy in some jurisdictions, it does not guarantee they possess the foundational skills to function effectively in the workplace. There is no mechanism for the employer to gauge if their new hire possesses adequate literacy and numeracy skills and at what level they would need to train them up.

**Recommendation 12:** Introduce minimum standards for literacy and numeracy for all school leavers that relate to the standards required in the workplace using international standards such as PISA as the benchmark.

## 8 Reimagining Senior Secondary School

Recommendations in this report have focused on ideas that will improve the system as it currently stands. There are potentially even greater opportunities for improvement if we are willing to reimagine senior secondary education in order to provide a more flexible, integrated approach that assists in transitioning students from school to work and further education.

Across all jurisdictions at present, senior secondary education is a two-year experience. Some jurisdictions have created senior secondary colleges within the State owned systems, but otherwise the offering has not fundamentally changed in over half a century. But, the environment

<sup>45</sup> Bolton, R (2019) *University students 'do not understand the concept of a decimal point*, AFR 10 December 2019



that impacts the transition from school to work has changed dramatically. Workplaces and skill requirements have changed, more students are studying to Year 12 and young people are often in their mid-twenties before they have more than just a casual work experience.

As a society we seem to have readily accepted that higher education students stay at university longer, often doing more than one qualification. This shift has occurred with minimal evidence to support that better employment outcomes are obtained as a result. However, this shift has not occurred at senior secondary level, where there is no current practice and therefore no acceptance of a senior secondary experience that could be longer in order to incorporate deeper work experience (including more extensive apprenticeships) as well as the completion of the senior secondary certificate.

Much is made of the German and Swiss systems where this is more readily accepted, and it should be noted, youth unemployment is much lower. Apprenticeships are offered in a wider range of vocations, and should an academic as well as a vocational outcome be desired, then extending senior secondary to a third year is common. A summary of these systems is attached as an appendix.

Extending senior secondary education to three years for those that want to take that option would take a great deal of consultation and planning. It would not prevent a school student completing in two years if an academic/higher education outcome is clearly sought, although even these transitions could benefit from a one or two year part time apprenticeship or cadetship in relevant workplaces. For example, a banking or financial career could be greatly enhanced by an apprenticeship learning the “front line” of banking.

A third year of schooling without a stigma attached. This is worth reimagining what opportunities such situation could open up. Instead of a crowded curricula, it could allow depth in certain areas, as well as work integrated learning opportunities.

**Recommendation 13:** Initiate consultation to explore the opportunities that could arise if there was an option of extending senior secondary school to three years in order to:

- Establish what would be a workable “school based” apprenticeships given this extra time including in occupations or industries that have not traditionally had apprenticeship pathways.
- Broaden and deepen academic learning, including applied learning that builds basic literacy and numeracy skills
- Allow for work experience to be better integrated with academic learning.



## 9 About the Australian Chamber

The Australian Chamber represents hundreds of thousands of businesses in every state and territory and across all industries. Ranging from small and medium enterprises to the largest companies, our network employs millions of people.

The Australian Chamber strives to make Australia the best place in the world to do business – so that Australians have the jobs, living standards and opportunities to which they aspire.

We seek to create an environment in which businesspeople, employees and independent contractors can achieve their potential as part of a dynamic private sector. We encourage entrepreneurship and innovation to achieve prosperity, economic growth and jobs.

We focus on issues that impact on business, including economics, trade, workplace relations, work health and safety, and employment, education and training.

We advocate for Australian business in public debate and to policy decision-makers, including ministers, shadow ministers, other members of parliament, ministerial policy advisors, public servants, regulators and other national agencies. We represent Australian business in international forums.

We represent the broad interests of the private sector rather than individual clients or a narrow sectional interest.



## Appendix – A brief summary of the German and Swiss Systems

### Germany

Germany has a ‘dual’ VET system in which students combine learning in school and learning in workplace settings. The German school system allows students in year 10 to choose pathways into VET rather than solely offer an academic route. German students who choose the VET pathway attend a vocational school and study a curriculum designed around vocational education. Similar to our Australian School-Based Apprenticeships (ASBA), they typically spend two days at school and three days with an employer each week. However, the starting point slightly differs in that German students start their vocational education in year 10 and often finish by year 12. By the age of 18, they are qualified trades people with technical skills and work experience<sup>46</sup>. Choosing a VET pathway does not preclude students from being able to attend university post-school, allowing for flexible transitions between the two sectors, however, additional requirements may apply.

The German system also features strong industry engagement and collaboration. Industries with strong prospects are identified and introduced to students early in their schooling years. This allows them to make informed education and employment choices based on the needs of the economy. Industry and employers are very engaged in this process with business operating their own training schools. This makes them the training provider and the employer, allowing them to adapt the education and training to suit the employment the young person is undertaking. Training is thus to industry standards. There is a communal approach when it comes to taking on apprentices with some companies also having apprentice quotas<sup>47</sup>.

### Switzerland

The Swiss system is similar to the German one in that it is a ‘dual’ VET system. VET is the mainstream upper secondary program and serves over 70 percent of young Swiss people. The Swiss VET system prepares a wide cross-section of students including many high achievers for careers in an expansive range of occupations, including information technology, advanced manufacturing and healthcare, as well as the traditional trades and crafts. The system enjoys strong community and employer support and is held responsible for the success of the Swiss economy, which has full employment and the lowest youth unemployment among developed countries<sup>48</sup>.

The Swiss VET system enjoys broad-based support and enrolment because it is especially attractive to the nation’s young people for the following reasons:

- It immediately puts young people in a setting with adults, where they are treated differently than in school and given more responsibility, coupled with ample coaching and support.
- The learning is much more hands-on, contextualized, and applied: academic concepts are made real.

<sup>46</sup> Australian Apprenticeships Pathways 2017, ‘Supercharging Australia’s Vocational Education and Training system’, <<https://www.aapathways.com.au/insiders-advisers/news/supercharging-australia-s-vocational-education-and>>.

<sup>47</sup> Australian Apprenticeships Pathways 2017, ‘Supercharging Australia’s Vocational Education and Training system’, <<https://www.aapathways.com.au/insiders-advisers/news/supercharging-australia-s-vocational-education-and>>.

<sup>48</sup> Hoffman, N & Schwartz, R 2015, ‘Gold Standard: The Swiss Vocational Education and Training System. International Comparative Study of Vocational Education Systems’, <<https://eric.ed.gov/?id=ED570868>>.



- Students are paid while they are learning, typically an average starting wage of \$600- \$700 a month, which grows to \$1,100- \$1,200 by the third year, for three-four days of work a week at most. This is substantially below the Swiss minimum wage but is attractive for teenagers who live at home.
- And at the end of the apprenticeship they have a nationally recognized qualification that is portable, and the opportunity to move directly into full-time employment or to continue on into higher education

The Swiss system engages with a wide range of employers who help young people grow up and become part of the talent pipeline that employers need in order to keep their enterprises productive and competitive. 30 percent of Swiss companies participate in the Swiss vocational education system, hosting an apprentice or an 'educational' employee. The student rotates among three learning sites—workplace, intercompany courses, and school—in different proportions over the three- or four-year period of their apprenticeship. Their learning is highly personalized; their interests and talents are at the core of their training, and their options for further study and changes of course are encouraged and open.

The Swiss VET system successfully serves the needs of adolescents and supports their transition into adulthood as well as the needs of employers. The unique feature of the Swiss VET system is that it intentionally provides a number of points of transfer to allow students to move between academic and vocational studies as well as from VET on to higher education at a university. This opens up options for students who may begin their career on the factory floor or in a bank but also have the pathway and skills to move up the corporate ladder by pursuing further education and advanced qualifications<sup>49</sup>.

Aspects of both these systems need to be considered for Australia, especially for schools to engage more with industry and identify courses and options that will lead to jobs in various different industries

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<sup>49</sup> Hoffman, N & Schwartz, R 2015, 'Gold Standard: The Swiss Vocational Education and Training System. International Comparative Study of Vocational Education Systems', <<https://eric.ed.gov/?id=ED570868>>.

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