

Skills success in Australia: Aligning need with know how

Professor Barney Glover AO
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Thank you.

I want to begin by acknowledging the Ngunnawal people, traditional custodians of the land upon which we meet today and pay my respects to their elders past and present. I'd like to particularly acknowledge the Aboriginal and Torres Strait Islander people here today – on unceded land – honouring their continuing connection to country and community.

When I spoke here at the National Press Club a few years ago, I reflected on the ancient Birrigai artworks in nearby Tidbinbilla and how sites like this connect every Australian who visits them.

This theme of connection is central to my speech today. Every Australian in work and in training deserves to feel connected, to feel a part of a system that acknowledges their effort and fuels their aspirations.

The role of Jobs and Skills Australia – the agency I lead – is to provide evidence-based advice to government on optimising those connections.

We draw on data and analysis on the jobs of today and those emerging. And we forecast the skills that will be needed for the labour market of the future. We are central to the new skills architecture developed and now being embedded. We are

essential to the commitment by State, Territory and Commonwealth Governments to a new era of enhanced cooperation and stewardship of skills, training and higher education. We are at the forefront of solving the big national challenges such as gender equality in the labour market.

Our legislation commits us to guiding government on how all Australians can participate to their full potential in the exciting job opportunities of the future.

The integrated data assets we mine show very clearly the transformative power of tertiary education.

The evidence is clear.

Education improves lives. It increases median incomes, reduces dependency on income support, and open pathways to further study.

The data also confirms how crucial education – tertiary education in particular – is to closing the gap for First Nations peoples.

It is sobering to reflect that while progress is being made, it is far too slow.

The target is clear. By 2030, we want 70 per cent of 25-34 year-old First Nations people to have a post-secondary qualification. We stand at just 47 per cent in 2021, up from 42 per cent in 2016.

We must do better.

Addressing this very Press Club some years ago as Chair of Universities Australia, I extolled the virtues of investment in our universities. I urged greater support of their research capacity. And I spoke of their ability to transform the Australian economy, to shine a light on truth and to contest challenging new ideas.

Years later, the message hasn't changed. It is, however, more pressing.

Having served on the Universities Accord Review Panel last year, commissioned by Minister Jason Clare and led so ably by Professor Mary O'Kane, I can confirm the need to build our universities for the future has never been greater. It is a critical national imperative, not simply an educational or sector-oriented priority.

But something even more profound has emerged – the urgent need for a more connected tertiary education system in this country.

While I don't resile for a moment from the case I made here, nearly a decade ago, for our universities, this time I bring a sharper focus. Today, I am concerned with the vital need for better alignment between our tertiary education sectors. In the interests of connection, in the national interest, I believe we need to rebalance Australian post-secondary education.

The needs of our economy and the imperative to transform demand it. To have a Future Made in Australia inclusive of regional Australia, to be a Clean Energy

superpower, to leverage AUKUS pillar 2, to dramatically reshape our defence industries, and to decarbonise our economy, we must rebalance.

It's a big ask, but it's not a cold start.

We have a world class university sector. We have a high quality education and training system. We have great TAFEs. Our starting point is the envy of our international competitors.

We are talking about macro-level change. But that can't happen unless we understand the micro.

Recently, I've had the pleasure of meeting many young Australians emerging from post-secondary education.

A young couple exemplify the opportunities, one an apprentice just about to complete an electrical trade and their partner, a recently graduated nurse from an Australian university.

They are about to move to regional WA after travel and work for a while around the world with their highly mobile qualifications and return.

They want to upskill and reskill when they need to. And they want the option to move in and out of the workforce as they raise their family.

Another a mature person, dropped out of school, reconnected through a VET in school program, completed an apprenticeship with a few challenges along the way, now a highly skilled Systems Controller at the AEMO, managing one of the most important transitions to renewables in the Australian energy system.

Our education system has afforded them those choices. But we need to ensure those opportunities are more accessible, scalable and connected to meet the challenges ahead.

We know that post-secondary education greatly enhances employability.

Unemployment rates for young people, (those aged 25-34), without Year 12 or any tertiary qualification are above 10 per cent. For those with a higher education that figure is just 3.5 per cent.

Our training system's obvious asymmetries bring the challenge of connectedness into focus.

In the 2021 Census, over 11 million Australians reported having a non-school qualification. That's an impressive 20 per cent increase since 2016.

Around 5.5 million reported having a bachelor's degree or higher as their highest level of education. This is a staggering 31 per cent increase since 2016.

Just on 4 million people reported having certificate I to IV as their highest level of education, which is only a 11 per cent increase since 2016.

Compared to 2011, the number of people with a bachelor's degree or higher has grown 67%, whereas the Certificate I to IV group has grown only 25%.

The system clearly needs rebalancing.

We must reduce the discrepancy between where students are studying now and the job requirements of the future.

Every Jobs and Skills Australia workforce capacity study or employment projection makes it abundantly clear. Our projections show that 90% of jobs growth in the next ten years will require post-secondary education with 44% requiring a VET qualification and others requiring both VET and higher education. This is even more stark when you consider the construction and infrastructure intensive period ahead as we build houses and transition to decarbonise the economy.

It's never been just a skills or jobs question. It is a question of our ability to address national priorities.

Fortunately, the policy framework to guide the necessary change is clear.

Importantly, this includes:

The establishment of Jobs and Skills Australia with our remit, alongside the Jobs and Skills Councils, of undertaking workforce planning, and training package reform.

We also have the implementation of key recommendations from the Universities Accord Review. Particularly, the government is considering steps to more effectively manage both domestic and international student load. And we have measures to better support access and participation by underrepresented groups in higher education.

Achieving ambitious targets in post-secondary education is impossible without the expanded access to and involvement in tertiary education by First Nations people.

Equally, we need to dramatically lift access for those from low socio-economic backgrounds, people with a disability and from regional and remote areas.

Tertiary harmonisation is a vital component, supported by a national skills taxonomy, which Jobs and Skills Australia is developing.

The Employment White Paper committed to defining the scope, outcomes and benefits of a National Skills Passport. Consultations are now complete and government is considering that feedback. A skills passport could be a critical factor in promoting agility in the skills system.

And we must be sector agnostic. We must reinforce the focus on skills. Because skills are the *lingua franca* of prospective employers not qualifications, not credentials. We need to get real. We need to be relevant.

Key policy statements including the Employment White Paper and the new Migration Strategy have been released. Importantly, Jobs and Skills Australia is advising the government on skilled migration and its relationship with occupations in shortage.

And the National Skills Agreement between the Commonwealth and State and Territory governments is in place. It brings with it, significant new investment. And it emphasises the centrality of TAFE in VET reform.

So, we have an architecture for an effective national skills system and JSA is central to that architecture. But do we have the strategies to exploit these key policies? And are we missing a critical moment?

Let's start with skill shortages. Our analysis suggests that skills shortages are often persistent, not just a reflection of a currently strong labour market. And many of the occupations we find to be in shortage are going to be in strong demand in the future, driven by the transition to net zero, the growth in the care and support economy and the rise of digital technologies. Our projections raise the question do we have the balance right between the service and producing occupations. This all highlights the importance of understanding the reasons for our underlying skills shortages.

Firstly, addressing them is not simply about the capacity of our education and training system. Governments have the levers necessary to expand delivery. They have the means to redirect funding to address training gaps.

The other reasons for shortages - which are at record highs - relate to gender

skewing in the workforce. Male and female dominated occupations are in much higher levels of shortage in part due to stereotypical attitudes to types of work, safety and the culture of workplaces and work sites. These drivers also limit the labour market opportunities for other diverse workers – who look, sound or physically are different.

Similarly suitability gaps between the skills of recent graduates and the needs of industry is another driver of labour market need. Same goes for recent VET completers.

Plus we have retention gaps driven by occupations with relatively poor employment conditions, remuneration or workplace cultures. That is an issue of particular concern. Recent steps to address those issues structurally with respect to employee rights and obligations are, however, beginning to bring about change.

Uplifting all Australians to participate to their full potential in the labour market requires us to tackle these issues.

We must do so from a sovereign risk perspective. Long term recourse to skilled migration is not the only option.

The questions remain: What can we do about it? And, can we afford to wait?

Since taking on the role of Commissioner I have been impressed by the responses I have seen. I am greatly encouraged by the ideas emerging and how they are being

implemented. At every opportunity I now extoll the virtues of innovation and creativity in our TAFE system. I do the same with respect to the system's approach to industry engagement. A few of these approaches are worth highlighting.

Firstly, partnership.

Collaboration is critical to addressing the suitability gap. Partnerships between industry and education and training providers, are essential in developing and co-designing courses and programs.

We must ensure people completing qualifications have relevant contemporary skills. The new TAFE Centres of Excellence in priority areas such as EVs, clean energy, care industries and early childhood are being planned on this basis of partnership. They are led by TAFE with industry and university partners.

Similarly, the NSW Institutes of Applied Technology in Digital Technologies and Construction Innovation are driving new micro skill and micro credential models alongside integrated VET and university programs.

And degree apprenticeships are emerging such as the one at RMIT focussed on systems engineering with Ai Group and a well-articulated VET and university pathway. These programs are coupled with an earn-while-you-learn model of work integrated learning. There are others, all encouraging and all thinking outside-the-box in overcoming systemic barriers.

Second, emerging approaches to retention gaps are producing positive results.

The government response to workforce challenges in the early childhood education and care sector saw a significant uplift in salaries. Jobs and Skills Australia is about to release a major workforce capacity study jointly undertaken with the Human Ability Jobs and Skills Council. It will show that while significantly increasing salaries is vital, so too is qualification reform, professional development and career progression.

The Construction Industry Culture Taskforce is an additional example. The new culture standard they have developed and begun implementing is another very targeted approach to addressing workforce retention and gender segregation issues. Trials are demonstrating that very challenging workplaces and work practices can be changed to make this industry more attractive and accessible.

Industry stewardship, training package reform, and the work of our Jobs and Skills Councils in a tripartite environment is emerging as a critical response to assessing skill shortages. Engaging with governments, business and unions is a vital component of the approach. Lasting and effective change won't be possible if we don't work together.

There are great examples emerging and we should celebrate the innovation, learn from each other and push hard for the widespread take up of effective strategies.

But there is something more we need to do.

And we need to do it now. We need to do it systematically and to do it quickly.

We must uplift the aspirations of young people to consider career options across the full tertiary spectrum. I'll be blunt we need to raise enthusiasm - in numbers too big to ignore – for vocational education and training from deep within our school system.

This means quality careers advice. It means improved VET in school programs and the associated infrastructure. And it means fostering greater awareness of the exciting careers available now and in the future.

Essentially, we need to urgently address with all the energy we can muster the cultural challenge of ensuring we promote a parity of esteem between VET and higher education. We must do that with, and for, young people and with those who influence their decisions.

We know that high quality careers advice is central to motivation and increasing preparedness for tertiary education.

Parents, teachers, career advisors and mentors all need to be encouraging young people in this targeted way. They need to impart the transformative promise of post-secondary education. And we need them to help young people see vocational education and training as a connected option; an option that links them into career, education and progression opportunities across the board.

Over the next decade we will see the proportion of new jobs requiring tertiary education qualifications increase from 70 to over 90 per cent. The government has set an ambitious attainment target of 80 per cent of the working age population having tertiary level skills by 2050. That target may even prove to be an underestimate, and we certainly need to better understand the spread and blend of skills and qualifications across the VET and HE spectrum.

We also need to brace ourselves for new models, not only, of delivering skills training and higher education but also in the shape and flexibility of the qualifications themselves. Upskilling and reskilling will require more flexible and modular credentials available and delivered just-in-time through a variety of modalities. All this while ensuring we maintain the key tenets of our training architecture and qualifications framework – safety, industry relevance and employment conditions.

There are other challenges that loom large.

Minister Clare has recently commented Year 12 completion rates have fallen from 90 to 79 percent. And we are all aware of the post COVID mental health challenges many young people are facing. This is exacerbated by the impact and pervasiveness of social media. Contending with these challenges will not be easy.

There are, as I said, encouraging signs and I'm particularly impressed by the South Australian government initiative to establish a number of high quality well-equipped senior technical colleges. These models are vital alternative pathways for young

people to experience vocational training in a work-like environment. They help them make informed choices about their future career options.

It's a post-16 rather than post-18 year-old view of the future. Perhaps in some ways, it's a 'back to the future' approach. But in the right settings it can work. And I'm aware other States and Territories are actively engaged in addressing the challenge.

A national approach to VET in schools is also vitally needed. A new post-16 view of education and educational pathways, that brings together successful approaches, is well worth considering.

It is also essential that we recognise the importance of our apprenticeship system. Iain Ross and Lisa Paul are due to submit their review of this system very soon. Jobs and Skills Australia has provided data and analysis to support the review. We focussed on apprenticeship outcomes compared to non-apprenticeship pathways in our advice.

Issues of attrition, pastoral care and mentorship must be addressed to build our essential trades for the future. They are pivotal in addressing our skill shortages.

Interestingly, one multinational company in the infrastructure space refers to their trades people as Construction Craft Professionals. And there are compelling models for at scale apprenticeship training with impressive responses to gender imbalance such as BHP's Future Fit Academies in Western Australia and Queensland. Industry needs to lean in and own the challenges and the responses.

This is not only an Australian challenge. Jobs and Skills Australia is involved in discussions on better understanding our global skills system with counterparts in Asia and Europe. The new UK Government has just established Skills England and is developing a national skills classification.

I recently returned from Fiji and discussed the role of Jobs and Skills Australia in responding to skill shortages. Fiji is committed to a major revamp of its national VET policy including expanded VET in school programs and has introduced a new approach to government sponsored apprenticeships.

There is a real global context to understanding skills and training and labour mobility.

I want to also acknowledge today our former Minister for Skills and Training, Brendan O'Connor on his forthcoming retirement after more than 20 years in parliament. He created Jobs and Skills Australia with the first piece of legislation in the current term of this government.

National Skills Week begins next week, and it's a fitting time to acknowledge Minister O'Connor's contribution to the emerging transformation of the education and training system. This includes the first National Skills Agreement in a decade, the establishment of the TAFE Centres of Excellence, and many other remarkable reforms. He believed deeply that TAFE was at the heart of reform and that we

needed to build parity of esteem between our tertiary education sectors. He has done much to ensure we'll achieve that outcome.

His focus on building strong partnerships with States, Territories, employers and unions has been a real benefit to our work in presenting the big picture of jobs and skills across the nation and the centrality of JSA.

In that same spirit, I am pleased to welcome Senator the Hon Murray Watt as the Minister for Employment and Workplace Relations, and the Hon Andrew Giles MP to the role of Minister for Skills and Training. These are both key roles for our agency, and I am excited to work with the incoming ministers on these priority areas. Minister Giles has already hit the ground running, with the appointment of two new Deputy Commissioners for JSA, Megan Lilly and Trevor Gauld who join us here today. With their experience across the business and training sectors and the union movement, I look forward to working with them as we identify and recommend to government measures to address Australia's jobs and skills issues. I'm confident also of the contribution they'll make to providing the crucial contextualised advice that governments need to ensure we optimise our national skills system.

Before I conclude I wanted to return to the story of the young couple - the nurse and the electrician. It's a personal story, one is my grandson and I'm incredibly proud of his choices and envious of their life ahead. The other mature age person I referred to is my son – one of three, all completed apprenticeships, and all have thrived in life, building families and a future.

Connections run deep in the world of jobs and skills. They remind us of why, in the national interest, we must never rest, never resile, and never let future generations down. We are builders of generational aspiration. That is a heavy obligation. And it is an imperative to which we must remain fully committed, so all Australians can exercise their right to participate to their full potential.

That starts with making the right connections.

Thank you.