

Appendix 2: The Skills Challenge

Accord Interim Report: DVC Academic Executive Submission

The Interim report raises multiple important issues for consideration by the sector and it is pleasing to see the Government's rapid progress to act on the five initial recommendations.

It has been noted that there are many more 'considerations' than it will be practical to accommodate, in a final set of, what appears likely to be, between 8-20 prioritised recommendations.

This appendix to the DVCA Executive submission focusses on some potentially 'catalytic' ideas outlined in the Interim report in relation to microcredentials and points to some of the interconnections involved in achieving the systemic change that will be needed to address the Skills Challenge.

While Universities are only one component of the work microcredentials might do in relation to future skills, they play a particularly important role in shaping how future microcredentials will fit within a broader ecosystem of qualifications. This is true for both the domestic market and Australia's international education markets.

The following suggestions are offered as being the key considerations for realising the potential contributions of microcredentials in shaping a resilient and future-fit education ecosystem.

1. **Recommendation 1: Take an Integrated Approach.**

The complexity of the skills challenge outlined in the Accord report suggests that to achieve the significant change necessary, the prioritised recommendations will need to acknowledge and **manage the intersections** between the many issues raised for consideration in the interim report. As one example in relation to 'Skills'; the Interim report makes a clear case for why action is needed **to diversify and innovate the current education ecosystem**, to more effectively and efficiently address the skills gap our society faces. However, there can be no meaningful solution to the skills gap unless the barriers to equitable participation in that education ecosystem are also addressed. It is also the case that tertiary education alone cannot address the skills challenge, without this also being addressed through complementary changes to the school system – which are underpinned by shared concepts frameworks and policies. The 8- 20 final recommendations will likely contain multiple elements in each and need to connect with other relevant reviews.

2. **Recommendation 2: A new funding model for Learner Support that accommodates microcredentials.**

An enhanced and integrated ecosystem of complementary educational offerings that includes both traditional qualifications from different types of providers, as well as new forms such as microcredentials, will also require a **newly integrated funding scheme to support learners and providers**. While acknowledging the complexity of such an undertaking; for **Learners**, the **Universal learning entitlement (ULE)** provides the most significant lever for radical transformation in learner support. It offers the possibility of truly student-centred (i.e. relevant to learner upskilling needs and opportunities) access to education. The quality of microcredentials and other educational would need to be assured to determine eligibility for the entitlement. The 'fund' could also support learners to address

access, and success, equity challenges. In addition to the core government funding commitment, the 'ULE fund' could encompass employer and industry contributions or levies to fund priority skills gap training. There could be additional contributions via philanthropic donations and tax incentives to support investment in Australia's future skills workforce.

3. **Recommendation 3: A New model of Provider Funding.**

Creating an enhanced education ecosystem also needs innovation to the funding mechanisms for Providers. For Universities, the review of the JRG is essential but insufficient to drive the needed changes. Education Providers in the new ecosystem need access to targeted **curriculum development and delivery funding** to rapidly meet emergent industry skills and address regional workforce shortages. This also requires start up institutional investment in new staff capability and system infrastructure by providers. For Universities this could be enabled through a combination of the proposed **mission-based compacts** (for missions that address Skills Gaps) and **data driven (JSA) funding for integrated microcredentials development and deployment**. This sort of development funding strategy requires oversight (see Governance below). 'Integrated' refers to MC that integrate with (and therefore provide pathways into) with other educational opportunities to support skills development. The narrative around skills gaps is often mistakenly that they are unitary/atomistic – in reality they will usually be part of a continuum of capability across a career.

4. **Recommendation 4: A new approach to Employer Engagement in microcredentials:**

The nature of emergent Workforce and Societal skills gaps means that the learners most in need of accessing an integrated ecosystem of complementary educational offerings will often already be working. **A new form of engagement with employers** is needed to deliver new forms of accreditation and professional renewal as well as new mechanisms to enable participation and to value outcomes for employees learning in microcredentials. Employers have to do more than simply tell educators what skills are lacking in the workforce. They need to be supported to genuinely collaborate with educators to design, deliver and credential education. Most significantly though, to enable meaningful access by employees ('Earners') to learning, new forms of 'Earner' learning support are required from industry, along with new models for Workplace Learning. Employers and Government have a vested interest in upskilling workforces. A new federal upskilling strategy, perhaps modelled on the ISLP which embeds in government contracts, enterprise agreements and public institutions, the requirement for a proportion of work, for all or some of the workforce, to be paid by the employer to upskill. This could be targeted to national priority skills. If this was complemented by a move for employers to treat HE and VET learners as part of that workforce it would also assist in reshaping Australia's current approach to WIL to address the challenges of scale and placement poverty (access equity) faced by Universities. Employers also need to connect aspects of recruitment and advancement of employees to the same Skills classifications that underpin the systems that support the new Education Ecosystem.

5. **Recommendation 5: Invest in Systems Enablers.**

A diversified education ecosystem will only be possible if underpinned by new Learning Support, new Provider Funding and new Employer Engagement, but **it will only operate effectively and efficiently if it is integrated with appropriate systems**. Those systems need to leverage newly available technologies to effectively manage and curate individual learning experiences and connect Learners with Support, Education and Employment. That 'system'

also needs to leverage technologies to integrate efficiently for interoperability across multiple platforms and sub-systems in ways that are seamless for learners. Those systems need to leverage AI for new models of wrap-around learner support and curation of credentials. A significant step change is possible if AI is leveraged for RPL capability-based assessment for microcredentials. This might be grounded in new JSA taxonomies that bridge HE and VET curriculum systems and align with employer recruitment and advancement mechanisms. This 'common currency' would need to be embedded in processes such as the AQF review and would move the sector towards the possibility of a genuinely transferrable at-scale credit recognition system. The current work on multiple versions of Skills Passport provides opportunities to instead create a unified platform that would integrate and support developments in Learning Support, new Provider Funding and new Employer Engagement.

6. Recommendation 6: Establish new mechanisms for Governance Oversight.

The new systems will only enable a long-term future focussed education ecosystem that accommodates microcredentials if the Learning Support, Provider Funding and Employer Engagement mechanisms are appropriately governed by a new entity. There is potential for a new Tertiary Education Commission (TEC) to provide such oversight of the design of the systems, data infrastructure, and enabling supports and importantly to ensure these are guided by longer term strategy setting. This body would be informed by data (e.g., JSA and Skills Councils input) but would oversight the principled application and interpretation of that data in decision making that served a longer-term strategic vision for the Education ecosystem. The TEC will provide a mechanism for bringing the Skills agenda into productive synergies with other Accord Priorities notably the enhanced equity participation agenda as well as changes in secondary and vocational education sectors.

7. Recommendation 7: Invest in WIL.

In addition to the need to 'reset' employer engagement with microcredentials to enable more meaningful participation by workers in learning (recommendation 4), there is a need for a new approach to WIL across secondary school, vocational and higher education systems to meet the skills challenge. Participation in meaningful substantial WIL, co-curated with industry and community partners, is demonstrably the best facilitator of enhanced employment outcomes for learners and employers. It also offers a practical point of engagement between industry and education to drive broader curriculum relevance, to the benefit of industry. Yet the costs of participation in WIL are disproportionately borne by learners, and for equity groups, those costs simply cannot be met (Placement Poverty). A new funding model to subsidise equity students' participation in WIL is needed. Encouraging the provision of WIL by employers to the benefit of more learners, might involve extending new funded industry traineeships / internship schemes beyond vocational education to Universities.

The DVCA Executive would welcome the opportunity to discuss any of these ideas further with the Panel.