



Some thoughts on tertiary education harmonisation, and the future of VET

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Introduction

The release of the Jobs and Skills Australia (JSA) report on Tertiary Education Harmonisation (Jobs and Skills Australia, 2025) has got me thinking about the future of VET. JSA's view is that we need to reform our tertiary education sector *to increase opportunities and boost productivity*. Its view appears to be that nirvana depends on 'harmonisation' which, from my reading of the report, seems to be about seamless credit transfer between VET and Higher Education, and enhancing the status of VET and VET providers (*VET providers must be at least equal players with higher education providers*).

It's easy to criticise a government report (why would you need 19 recommendations?) but more challenging to come up with some ideas about going forward. I thought I should at least try to get down on paper the issues I see for VET's future and what might be done about it. This is against a background in which governments are pushing VET as an alternative to higher education, with Fee-Free TAFE and the introduction of Vocational Degrees in the Australian Qualifications Framework, for example.

I start off with some background issues.

Australia's tertiary education sector is a complete mishmash

There is real confusion about what VET is, and for that matter, Higher Education. The confusion comes from the distinction between what is delivered (i.e. courses) and the institutions that deliver them. We have some 4,000 registered training organisations (RTOs) VET providers, but a much smaller number of higher education providers (39 public universities and 107 private universities or non-university higher education institutions, according to the Higher Education statistics). But most people think of TAFEs and Universities, not VET and Higher Education. We talk about VET and Higher Education as being distinct but we see that Universities deliver VET program enrolments, more than community education providers or enterprise providers (Table 1). In addition, Universities deliver sub-bachelor courses and preparatory courses that are clearly not higher education. Similarly, we have nine TAFEs delivering higher education programs, mostly at bachelor level (Table 2).

Table 1: Share of VET nationally recognised training, 2023

	Share of all program enrolments	Share of domestic program enrolments
TAFE institutes	27.9	31.3
Universities	3.2	3.7
Schools	3.5	4.2
Community education providers	2.9	3.4
Enterprise providers	1.6	1.9
Private training providers	60.8	55.5

Source: NCVER VOCSTATS TVA program enrolments, Total VET nationally recognised training FYTE, 2023

Table 2a: TAFEs delivering higher education courses, all students, EFTSL, 2023

Institution	Postgraduate		Sub-Bachelor	TOTAL EFTSL
	by Coursework	Bachelor		
TAFE NSW	14	1,391	127	1,531
Box Hill Institute	0	307	0	308
Chisholm Institute	24	114	11	149
Holmesglen Institute of TAFE	0	684	0	684
Northern Melbourne Institute of TAFE (Melbourne Polytechnic)	17	663	274	953
William Angliss Institute of TAFE	11	348	1	368
TAFE Queensland	0	65	164	229
TAFE SA	0	62	114	175
Canberra Institute of Technology	0	1	0	1

Source: extracted from Higher Education statistics

Table 2b: TAFEs delivering higher education courses, domestic students, EFTSL, 2023

	Postgraduate		Sub-Bachelor	Total
	by Coursework	Bachelor		
TAFE NSW	13	523	61	597
Box Hill Institute	0	192	0	192
Chisholm Institute	24	33	11	68
Holmesglen Institute of TAFE	0	374	0	374
Northern Melbourne Institute of TAFE	1	151	7	159
William Angliss Institute of TAFE	1	88	1	91
TAFE Queensland	0	51	55	106
TAFE SA	0	5	23	29
Canberra Institute of Technology	0	1	0	1

Source: extracted from Higher Education statistics

Does anyone know how big VET is?

Based on the NCVER statistics we can count the number of students undertaking VET courses, and the number of program enrolments. Some would argue we should also look at micro credentials or subjects undertaken on the basis that some students are after very specific training. We also know that VET students primarily study part-time and programs are relatively short compared to the 3, 4 or 5 year bachelor degrees in higher education.

We first look at program enrolments:

Table 3 Program enrolments in nationally recognised training, and full-year training equivalents, 2023

<i>Total</i>	Program enrolments	FYTE	Share of FYTE
Diploma or higher	431925	235176	22.1
Certificate IV	561507	242864	22.8
Certificate III	1095533	426559	40.0
Certificate II	479233	120549	11.3
Certificate I	96987	20623	1.9
Non-AQF	264223	19949	1.9
Total	2929408	1065720	100
Domestic			
Diploma or higher	278982	160989	18.1
Certificate IV	483067	199001	22.3
Certificate III	1007141	371881	41.7
Certificate II	474341	118871	13.3
Certificate I	96119	20528	2.3
Non-AQF	262960	19737	2.2
Total	2602610	891007	100.0

Source: NCVER VOCSTATS TVA program enrolments 2015-2023

We see that there are close to 3 million program enrolments in total, but in full-year equivalent terms the number is a little over a million overall and 890,000 domestically. We note that the levels that could not reasonably be considered to be post-secondary (Certificates I/II and Non-AQF programs) account for almost 15% of the training effort overall and 17.8% domestically. The NCVER also estimates the number of students. Their estimate (5,056,845 for 2023, Data Builder), though, is larger than program enrolments, which suggests that there are literally millions of people who are enrolling in odd units.¹

We now present analogous figures for Higher Education.

Table 4: Higher Education students, 2023

	Students	EFTSL	EFTSL share
Total Postgraduate	525,101	309,202	28.2
Bachelor	966,588	730,590	66.6
Sub-Bachelor	73,178	42,584	3.9
Enabling courses	19,396	8,806	0.8
Non-award Courses /Microcredentials	16,300	5,801	0.5
Total	1,600,563	1,096,983	100.0
Total Domestic	1,076,027	716,494	65.3
Total Overseas	524,514	380,469	34.7
Total	1,600,541	1,096,983	100.0

Source: Higher Education statistics.

¹ NCVER's Data Builder estimates that the FYTE measure of subject enrolments was 1,274,906 FYTE compared to 1,065,718 FYTE for program enrolments.

Thus, we conclude that the VET sector is of similar size to Higher Education, but with a very different intensity. In the domestic market the VET sector is larger with around 890,000 FYTE compared to the Higher Education sector with 720,000 EFTSL.

VET courses are short

We typically think of certificate courses as being of duration of a year or less, and diplomas 1-2 years. The NCVER statistics do not readily give us average course lengths but we can get an idea by looking at the number of FYTEs and the number of commencing students. Dividing the number of FYTEs by the number of commencing students gives an estimate of how long a commencing student is in the system to either complete the course or drop out.² This gives some indication of how long courses are, although the point at which individuals drop out will affect our estimate (and we have no information on this).

Table 5: Estimates of length of courses (2019-2023)

	Commencing FYTE commencements	Total FYTE/ commencements
Diploma or higher	0.50	0.93
Certificate IV	0.40	0.63
Certificate III	0.33	0.55
Certificate II	0.24	0.31
Certificate I	0.19	0.25
Non-AQF level	0.07	0.09

Source: NCVER VOCSTATS TVA program enrolments 2015-2023

The first column counts commencing load while the second column counts the commencing load plus the continuing load, thus allowing students to be studying over a number of years.

As expected, the higher level courses are longer, with diploma and higher students staying in the system for 0.93 of a full-time full-year load. By contrast Certificate I students are in the system for 0.25 of a full-time full-year load. Non-AQF courses are particularly short at less than one tenth of a full-time full-year load.

Parity of esteem

JSA is concerned about the relative status of VET and Higher Education, and this is a concern shared quite widely. But I would make the point that the status of the two sectors reflects differences in the occupations that the sectors service – it has little to do with the education sectors as such. In fact, the nomenclature is misleading because Higher Education prepares individuals for a whole range of specific occupations which are vocational in nature: doctors, nurses, engineers, teachers, accountants and so on. The difference is that these occupations are in the professions whose status and earnings are higher than those working in the trades or sales, for example. If there is a trend, under current arrangements VET will drop further behind in the status as particular occupations endeavour to professionalise. An obvious example is the training of registered nurses in universities at the bachelor level, supplanting hospital-based training. One can see the same thing happening in care industries where there is a push to increase the level of credentials. This is one reason why there have been substantial numbers of students undertaking diplomas in childcare and early

² This calculation counts load at enrolment thus assuming that students attend the courses in which they enrol.

education in the VET sector. It is only a matter of time before there will be pressure to make a degree level qualification the primary credential.

The future for VET

In Karmel (2023), I looked at the change in employment between 2011 and 2021 and the interaction between occupations and qualifications. My conclusion was that the labour market has become increasingly unfriendly for persons with a diploma or a certificate III/IV (that is, the higher VET qualifications). The growth in occupations has not been associated with the VET qualifications. Technicians and trades workers are growing much more slowly than the overall labour market. Second, these qualifications are being pushed aside by higher degrees and bachelor degrees, and have only maintained their position by pushing out those with no post-school qualifications. This has tended to occur in lower paying jobs. In addition, changes to regulatory structures are likely to be an important driver - for example, changes to childcare regulation have driven the recent large increase in childcare/education diplomas, and it appears to be almost inevitable the degrees will eventually supplant these diplomas.

The point is that the occupational structure is changing in a way not sympathetic to diplomas and certificates, which is to say that the outlook is less than benign for VET.

Harmonisation

According to Jobs and Skills Australia (2025)

Australia has a unique opportunity to game-changing reform of tertiary education to increase opportunities for all and boost productivity. (foreword)

The report claims that benefits include:

- Improvement in the efficiency and effectiveness of the tertiary education sector;
- Reduce replication and overlap;
- Enable new qualifications drawing on both VET and Higher Education;
- Boost the total volume of students;
- Enhance opportunities for disadvantaged groups;
- Enhance our ability to turn challenges into opportunities for positive national change;
- Better respond to changing industry needs;
- Better matching of skills to jobs.

How all these benefits will be achieved is by no means obvious, especially as it is not clear what 'harmonisation' means.

Tertiary harmonisation is not defined but it is described as being *about the strategic alignment of the VET and Higher Education sectors*. The report is clearer on what tertiary harmonisation isn't. *It is not about merging or integrating VET and Higher Education. Each sector has distinctive missions and strengths that need to be nurtured.*

If harmonisation is about 'strategic alignment', then I wish everyone good luck. Presumably that would mean alignment in terms of qualifications, funding, student support, and quality assurance. But these are all so different under current arrangements. Recent initiatives if anything emphasise these differences: Fee-Free TAFE in VET, high fees in Higher Education with income contingent loans; the introduction of vocational degrees for VET in the AQF rather than encouraging the delivery of degrees in VET; the introduction of associate degrees in higher education to shift Higher Education

away from the delivery of diplomas and advanced diplomas. And this is on top of the mishmash we described earlier, with universities delivering VET and TAFEs delivering Higher Education (although in a very small way).

If 'alignment' is about credit transfer between the sectors, then again good luck. If we are talking about VET to Higher Education articulation, there are several issues. First, certificates III/IV are not substantial enough in general to allow worthwhile credit towards a degree, nor is their content that suitable because the first year of a degree tends to be theoretical in nature. Second, the associate degree feeding into a degree works much better than a diploma/advanced diploma feeding into a degree, again because it is the theory side of diplomas/advanced diplomas that is weak. I certainly have heard of cases in which credit cannot be used toward a degree because of the mandatory units of the degree. The associate degree/degree model works between because the associate degree is an early exit point, thus avoiding structural issues.

If we are looking at Higher Education to VET articulation, then credit is almost never given because the VET qualification is about practical application of skills which is absent in degrees. Also, most graduates undertaking a VET qualification are using the VET qualification to get a job for which the degree is not that relevant or undertaking the VET qualification because of the requirements of the job. They are not doing it to deepen their qualifications as an alternative to a higher degree.

We must also remember that credit transfer and recognition of prior learning schemes can be very expensive to implement. In many cases, it is easier and cheaper to just do the education or training again even if it is repetitious. It is also the case that repeating material is likely to improve the student's knowledge and skills.

A proposal: applied universities

I am sceptical about harmonising VET and HE. The political effort to substantively align the two sectors is just too large. However, this is not to say that we should do nothing.

I start from two premises.

First, the VET tradition of applied learning is of value and needs to be supported, as does its model of small class and more personal teaching. Its attractiveness to disadvantaged groups also needs to be recognised.

Second, VET is doomed to genteel decline under current arrangements and needs to go up market to maintain its position and to prosper. In particular, it needs to embrace the bachelor degree as the end point of a series of certificates and diplomas in selected areas (such as Nursing, Childcare, Accounting, Engineering and Business, for example). It would make sense also for VET to offer associate degrees as embedded qualifications within a degree, as well as diplomas and advanced diplomas that are terminal qualifications. However, these qualifications should be taught with a practical orientation and not just mimic the qualifications issued by universities. In essence, these institutions would be polytechnics focussing on high level vocational education for specific occupations.

That is, we need to think about VET as a set of teaching institutions of substance, not just as a list of qualifications listed on the National Training Register. Realistically, we are talking about institutions such as the TAFEs in Table 2 who already have their toe in the water. We are not talking about the bulk of the 4000 or so of RTOs who currently deliver VET qualifications. To make this work, though, these institutions must be given Commonwealth Supported Places and their students given access to the income contingent loan arrangements available to higher education students. Of course, if you

really wanted to shake up universities the provision of Fee-Free TAFE places to these institutions for degrees would do the job.

Finally, I note that this proposal would maintain a long tradition of institutions developing over many years, with universities building on earlier institutions such as working men's colleges, schools of mines, and institutes of technology.

References

Jobs and Skills Australia (2025), Opportunity and Productivity: Towards a Tertiary Harmonisation Roadmap

Karmel (2023), VET and the changing labour market, Mackenzie Research Institute