

Degrees North

Vocational and university education in Australia and Nordic countries

*Report for roundtable discussion at the Embassy of
Finland Canberra*

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Preface

Tor Hundloe - Emeritus Professor, Global Change Institute, University of Queensland

I am of Norwegian and Australian ancestry. My first year of schooling was in Norway while much of my professional life has been teaching in Australian universities. In between, I left school at the age of 14, working in outback Queensland woolsheds. During that time, I took a qualification in “Sheep and Wool”, the equivalent today to a Certificate IV, which allowed me to be registered as a wool classer.

With this background, I am delighted to contribute to the Nordic Policy Centre’s roundtable on building an equitable vocational pathway in Australian higher education, learning from Finland’s successes.

While I have less experience of Finland, from visits to my Norwegian relatives over the years, I have seen one standout difference between the Nordic countries and the rest of the world – the recognition of education as the underpinning of democratic and equalitarian societies.

This is highlighted by Nordic academics. Per Molander, former Director-General of the Swedish Inspectorate of Social Insurance, and who in 2016 won the Essay Prize from the Swedish Academy, writes that “The reason why policies of redistribution in the Nordic countries during the twentieth century were successful is that a broad spectrum of instruments were used”. The most important of these is an “active education policy” by national governments to support “social groups who historically have a low level of participation in education”.¹

Øystein Sørensen, Professor of the History of Ideas at the University of Oslo, and Bo Stråth, Emeritus Professor in Nordic, European and World History at the University of Helsinki, argue that public education has been central to the Nordic countries’ particular enlightenment trajectories over several centuries. Whether or not that is historiographically true, those academics are certainly correct in arguing that education is “a key instrument of emancipation and self-realization”, and that it has been “crucial in the construction of...community” in Nordic countries.² The ways in which education has played such a central role in the high economic and social

¹ Per Molander, *The Anatomy of Inequality: Its Social and Economic Origins – and Solutions*, Melville House, New York 2017 (originally published in Swedish in 2014), pp. 179, 169.

² Øystein Sørensen and Bo Stråth (eds), *The Cultural Construction of Norden*, Scandinavian University Press, Oslo, 1997, pp. 5, 14.

achievements of the Nordic countries can – and should – inform Australian policy approaches now to post-secondary vocational education.

My experiences in the Australian bush, as a member of a generation who experienced a very different education and training system from today, lead me to reflect on the need for, and value of, rebuilding public Technical and Further Education (TAFE) institutes in Australia today.

Before leaving for the woolsheds, I briefly attended Indooroopilly State High School. It had two streams students could follow – “academic” or “industrial/commercial”. Those who were going to finish high school at grade 12 and possibly go to university or enter a government or private sector clerical job took the academic stream. Industrial/commercial was effectively two separate streams: males in industrial and females in commercial. As a general rule young people who did not go straight into apprenticeships (e.g. as panel beaters or hairdressers) enrolled in these streams.

Once enrolled in a stream, Australians then (and now) found it hard to change course. Changing from vocational education to university is rare in Australia but far more common in Finland. This is a big difference between Australia and Finland today – in Finland there is transferability between the two streams: few status differentials and no dead ends. There is relatively seamless movement of students *within* the higher education sector, between their universities and their close equivalents of Australia’s TAFE institutes.

Furthermore, in Finland the vocational secondary schooling option is often in higher demand than the academic option. Unfortunately, this is not the case in Australia, where to choose university rather than a TAFE institute has become a status thing. We need to break this down without discouraging students whose interests and skills do suit university study. We need to encourage more young people to think about the enjoyment of skilled trades or crafts.

When I interview potential university students, I invariably commence with: “What do you enjoy doing? What are you good at doing? What subjects did you enjoy most at high school? What would you like to do in the future as a job?” You can imagine the range of answers I get. Unsurprisingly, a common answer to the last question is “I do not know”.

As an academic researching and teaching environmental economics and environmental science in universities since 1976, I have seen, particularly in recent years, many young people wanting to work in jobs which will help tackle climate change, and in the rapidly evolving renewable energy sector. However, as a society we have not thought through and analysed the demand and supply variables. We are on track to get this wrong.

This is one clear example of vocations for which the privileging of universities as the only places of higher learning is not best fulfilling the interests of young people. Undoubtedly, in these rapidly emerging employment fields there will be demand for university graduates, at all levels through to a PhD. However, what is being neglected is that there will be considerably greater demand for skilled employees in the technical trade sectors.

One of the most prominent findings of the 2018 Graduate Outcomes Survey was the difficulty which generalist graduates had in obtaining employment related to their knowledge and skills. It found for example that: “there is...a huge number of graduates not using the skills they acquired at university, when they get a job...Only 57 per cent of undergraduates who were employed full-time following university felt their qualification was important for their current employment...[while] 39 per cent...reported that their skills...were not fully utilised”.³

It is wrong to encourage university enrolment in fields where an oversupply is already obvious or is projected. Fields such as law and the ubiquitous business degrees are examples. The organisation *Beyondlaw* describes a “colossal oversupply” of lawyers.⁴ In the environment field, there are simply not enough generalist environmental jobs for the large number of university graduates. Increasingly, young people with environmental interests are being pushed to undertake Masters or even PhDs to get that dreamed-of job. In some fields such as marine biology (think diving on the Great Barrier Reef), even a PhD is no guarantee of a job.

There is a need for serious workforce planning based on sound empirical data which further identifies the form and extent of technological, economic, social and demographic changes in Australia, including in energy generation. We are doing a great disservice to our young people, and to those of our mature workers who find that technological change is adversely impacting their present occupation, by leaving things to a poorly functioning – some would say blind – jobs market.

A deeper understanding of the education and employment systems in Finland and other Nordic countries can only be a positive thing for Australian educators, policy makers, students and employers.

³ Reported by ABC national education journalist Natasha Robinson, 11 January 2019.

⁴ See <https://beyondlaw.com.au/15-frontpage/24-featured-article>

Learning from Finland: lessons for Australia's vocational higher education future

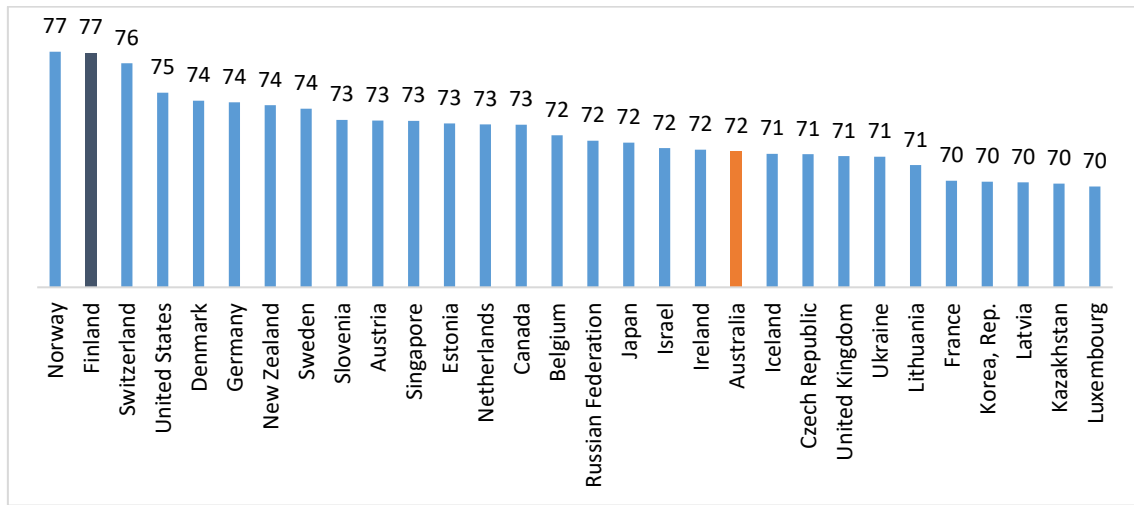
Andrew Scott - *Professor of Politics and Policy at Deakin University*

The Finnish approach to education recognises that many young people have vocational aptitudes that are not best fostered in a standard academic environment. Those young people's attentions are engaged, and their enthusiasm aroused, by teaching methods different from those drawn from a tradition of book learning. Very many of those young people are highly intelligent in questioning the nature of practical mechanical and electronic phenomena: such as how car motors work. Their curiosity to find the answers to those questions can lead them on a journey of discovery, during which they come to acquire general skills and to understand abstract mathematical principles.

Australia can learn from Finland's attainment of excellence with equity in its post-school educational institutions. This is in addition to the equitable and respected vocational learning opportunities provided in Finland's secondary schools.⁵ The World Economic Forum's report on 'human capital' and preparation of people for the future of work ranks Finland at number 2 in the world, behind only Norway, whereas Australia is at number 20, as shown in Figure 1 below:

⁵ See Pasi Sahlberg, *Finnish Lessons: What Can the World Learn from Educational Change in Finland?*, Teachers College Press, Columbia University, New York, 2011, pp. 27-30; and Stephen Lamb, 'Successful Provision of VET in Schools: Overseas Approaches, *VOCAL: The Australian Journal of Vocational Education and Training in School*, Vol. 7, 2008-2009, pp. 117-121.

Figure 1: Human Capital Index score, top 30 countries



Source: : World Economic Forum (2017) *The Global Human Capital Report 2017: Preparing People for the Future of Work*, <http://reports.weforum.org/global-human-capital-report-2017/dataexplorer/>

The same source shows that both countries have a high ‘tertiary education enrolment rate’: 87.3% in Finland and 90.3% in Australia; but whereas Finland’s ‘vocational enrolment rate’ is 71.3% (number 6 in the world), Australia’s ‘vocational enrolment rate’ is only 50.5% (number 22 in the world). Finland also spends 7.2% of GDP on education, compared with 5.2% in Australia.

There needs to be more affordable access in 21st century Australia to a range of quality higher education experiences which best suit the talents and interests of young people. We do not, at present, properly recognise and resource vocational pathways. We need to achieve a better balance between ‘vocational’ – and ‘academic’ – learning. We have still to break free from the prejudice in many English-speaking countries against ‘vocational’ education as being somehow culturally inferior to ‘academic’ learning. The current costs of higher education in Australia are also prohibitive for many young people from disadvantaged socio-economic backgrounds. More support, including through careers advice, needs to be provided for young people who are suited to work in a skilled trade to pursue that pathway. Practical, incremental steps can be taken to provide that support which are informed by relevant overseas experience. Crucial first steps include restoring proper public funding of TAFE institutes in Australia.

REBUILDING PUBLIC TAFES

TAFE institutes need now to be placed on a more equal footing with universities to create a more coherent, less fragmented post-school education sector. While these two types of institutions should continue to play different roles – i.e. TAFEs to specialise in skills, and universities in research – there needs to be less status divisions, and greater co-operation, between them. TAFE institutes are the places in Australia in which mature-age workers can develop new skills after they leave one type of job to enter a different type of job. Those transitions range from retraining former retail workers to fill skill shortages of midwives, to adding to plumbers' expertise so that they can take up expanding job opportunities in renewable energy.

The hybrid status of the 'dual sector' Australian universities complicates comparisons between Finland's universities and polytechnics on the one hand, and Australia's universities and TAFE institutes on the other hand. Nevertheless, the broad trends are very clear. Since the 1990s there has been a publicly funded further expansion of Finland's polytechnics, now known as universities of applied science (UAS). By contrast, their closest equivalents in Australia – the TAFE institutes – have, in the same period, had their funding and enrolments reduced, and their programs undermined, by the rise of poor-quality privatised providers. It is startling to read how in Australia “in 1996, 98 per cent of students receiving publicly funded VET [Vocational Education and Training] were in TAFE (83 per cent) or not-for-profit community education providers (15 per cent), but by 2016 this had fallen to 49 per cent and 6 per cent respectively”.⁶

Another startling fact is that, since 2008, which was the year in which the Council of Australian Governments (COAG) decided to give private providers greater access to public funding, “publicly funded training hours in vocational education...in Australia...declined by almost 26% for TAFE...while they rose by 199% in private providers”.⁷ Experts who have advised governments on both sides of Australian politics, meanwhile, warn that “VET participation levels...[have undergone] a significant decline since 2012”, particularly among 15 to 24-year-olds. They argue that there is now an “urgent priority” for “governments...to act quickly and decisively to

⁶ Phillip Toner, 'A Tale of Mandarins and Lemons: Creating the Market for Vocational Education and Training', in Damien Cahill and Phillip Toner (eds), *Wrong Way: How Privatisation and Economic Reform Backfired*, La Trobe University Press in conjunction with Black Inc., Melbourne, 2018, p. 63.

⁷ Lisa Wheelahan, *A Policy Framework to Support a New Social Settlement in TAFE*, John Cain Foundation, Melbourne, 2019, p. 7.

arrest the continuing decline in public investment in VET...and associated cost shifting to students".⁸

An over-emphasis in Australia on academic university courses as the only desirable post-secondary education option has contributed to the downgrading of TAFE. It has also pushed many young people away from learning the vocational skills to which they are best suited. These trends run contrary to Federal government departmental projections of employment growth for the five years to 2023 which indicate that more jobs in that year will require Certificates II, III or IV, particularly the Certificate III awarded by TAFE institutes to tradespeople, than will require a bachelor degree or higher university qualification.⁹

DIFFERENT BUT EQUAL

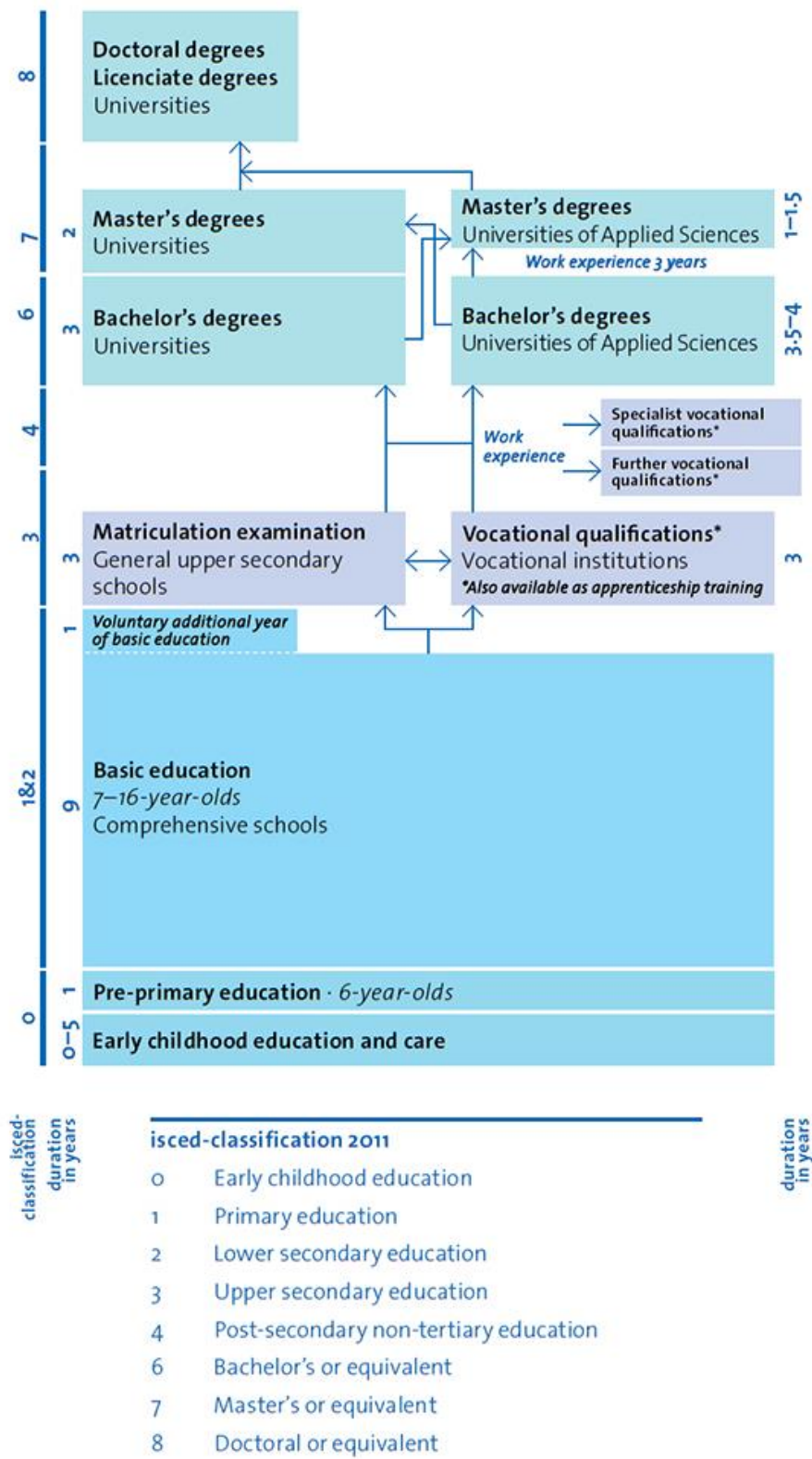
Finland's post-school education system is different to Australia's, as illustrated in the diagram below. Finnish researchers say the country has 14 universities concentrating on basic research and education and 23 Universities of Applied Sciences focused on higher vocational learning and 'R&D' or applied research. There is a continuing binary diversity "between the university sector and the universities of applied sciences...the former polytechnics" in Finland, but in a less competitive and stratified way than other countries which also have high participation in post-school learning.¹⁰

⁸ Peter Noonan and Sarah Pilcher, *Participation in Tertiary Education in Australia: Modelling and Scenario Analysis*, Mitchell Institute, Melbourne, April 2018, pp. 5, 13, 10.

⁹ Computed from Australian Government Department of Jobs and Small Business data at: <http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>

¹⁰ Jussi Välimaa and Reetta Muhonen, 'Reproducing Social Equality across the Generations: The Nordic Model of High Participation Higher Education in Finland', in Brendan Cantwell, Simon Marginson and Anna Smolentseva (eds), *High Participation Systems of Higher Education*, Oxford University Press, Oxford, 2018, passim and pp. 359, 358.

Figure 2: Education system in Finland



Source: Finnish National Agency for Education (n.d.) Equal opportunities to high-quality education, https://www.oph.fi/english/education_system

Figure 2 shows that there can be two-way movements between Finnish ‘academic’ universities and UASs, from bachelor degrees in one type of institution to masters degrees in the other type of institution. In Finland, “in principle and in practice UAS and universities are ‘different, but equal’...It is possible to make a mixed career in universities and UAS especially in fields that are found in both sectors such as business, engineering, ICT, social work, music, and visual arts, or in management positions”.

Further, “in...higher education, the role of trust...apparent in Nordic ideas of evaluation, especially in Finland...[can be seen in the] aim to use evaluation as an instrument of enhancement rather than an instrument of control and differentiation through the use of league tables”. This approach to evaluation is well-known in Finnish secondary schools and it is similarly important in post-secondary education. “Finnish governments emphasize the specific missions of each sector, steering horizontal differentiation (diversity) between them, rather than a status hierarchy...the key to [this]...is the low intensity of competition between higher education institutions...[and] emphases placed on cooperation...and parity of esteem between institutions.”¹¹

Further, “the state follows the principle of ‘equal but different’ by producing both a skilled vocational labour force and a high-quality academic labour force. Together with the policy principle of life-long learning this is seen to serve better the needs of knowledge-based society than a single system of higher education based on vertical stratification of institutions”. The “potential for the ‘academic drift’ of polytechnics and the ‘vocational drift’ of universities was discussed in the 1990s when the UAS sector was established...However, during the 20 years of the existence of the UAS the dividing line between universities and UAS has remained clear and accepted by both sectors”.

Finland’s universities of applied science closely cooperate with workplaces and as part of regional development policies. They operate “very much like the *Fachhochschule* in Germany”. Also, “in Finland...distinctions are not so clearly connected to institutional status because unlike the situation in the United States where graduation from an Ivy League university is in itself a sufficient passport to the elite echelons of the labour market, in Finland differential jobs and salaries derive not from institutional reputation but mostly from the differences between disciplines and professions...[hence] institutional ‘brand’ plays a comparatively limited role in shaping socially stratified outcomes”.¹²

¹¹ Ibid., pp. 369, 370, 365, 380, 368-369.

¹² Ibid., pp. 381, 369, 379, 381, 369, 379, 380.

DOES AUSTRALIA WANT TO BE MORE NORDIC OR MORE AMERICAN?

Australian expert Simon Marginson argues that the developed world can now choose between one of two approaches to higher education: one is Nordic, the other is American. “One is primarily social and egalitarian, the other primarily individual and meritocratic.” He shows that the American approach “works...well...for the minority who are successful, but...it works less well than does the Nordic...[approach] for the majority of people”. Marginson explains how “the Nordic countries in Europe are the most developed example” of countries which “have configured their higher education systems on a common good basis”. Public institutions are central to this. The question for Australia is “what is the prevailing balance” between the American and Nordic approaches – and “in which direction [is] that balance...moving”. He argues that “the way forward is...to lift the quality of...higher education, as in the Nordic world, so that inherited privilege becomes less socially decisive in education itself”.¹³

Marginson highlights how “in Nordic societies, unlike the United States or the United Kingdom,...higher education tend[s] to enhance social equality and mobility”. He compares “the odds of enrolling in higher education for two groups of 20-34-year-olds...those with at least one parent who attended tertiary education, and those neither of whose parents attended. On this measure, intergenerational mobility is...high in the Nordic world and low in the United States”, with “Americans from tertiary-educated families...6.8 times as likely to enter tertiary education compared to those from non-tertiary families, similar to the figure for England (6.3)”.¹⁴

The data on which Marginson draws shows that, in Australia, meanwhile, people with a tertiary-educated parent or parents are 4.3 times as likely to enter tertiary education than are people without a tertiary-educated parent. In Finland, by contrast, they are only 1.4 times as likely.¹⁵ Finland has thus achieved remarkable upward educational mobility for people from less privileged family backgrounds. Australia can clearly learn from this to further realise the full talents of our people on a basis of ability – rather than on a basis of inherited advantage. To reclaim “the way to higher education as common good” which “Anglo-American society has lost”, Australia, according to Marginson, needs to reduce its “steep hierarchy” of higher education institutions so

¹³ Simon Marginson, *Higher Education and the Common Good*, Melbourne University Publishing, Melbourne, 2016, pp. 15, 51, 267, 272.

¹⁴ *Ibid.*, pp. 15, 72.

¹⁵ Source: Organisation for Economic Co-operation and Development, *Education at a Glance 2014*, Organisation for Economic Co-operation and Development, Paris, 2014, p. 93.

that all qualifications are valued, as they are in Nordic nations. While, in Nordic countries, “there are mission distinctions between research-oriented universities and universities of applied sciences,... differences in resources are slight and status differentials are moderate”. Therefore “the Nordic countries show...that it is possible to sustain both...high-quality, research-intensive” universities *and* other effective institutions.¹⁶ This should now be our goal in Australia.

¹⁶ Marginson, pp. 76, 15, 14, 273. Emphasis added.

Investment and support for post-secondary students in Finland and Australia

Mr Shirley Jackson – RMIT University

For the latest generation of young Australians, the deregulatory reforms of the 1980s and 1990s have contributed to a labour market that has locked many into insecure employment for much longer periods than their forebears. This generation has also experienced an increasing disconnect between education and labour market outcomes, which is the result of a significant growth in post-compulsory education and an underutilisation of that growing knowledge-based skill set.¹⁷

A recent report from the Foundation for Young Australians indicates that this is due to a range of factors. The Foundation argues that an underinvestment in entry-level positions by business has created insufficient opportunities for young workers to gain experience in their desired careers, contributing to a mismatch between work and education.¹⁸ However, this report erroneously proposes solutions that increase the supply of skills to young people, without tackling the deeper problems created by a lack of demand within the labour market.¹⁹

To overcome the problems associated with an underutilisation of young workers and their skill sets, policy makers must respond to both supply-side and demand-side problems through a suite of active labour market policies. Lessons can be learned from the Finnish example which will improve policies and outcomes for young workers in Australia. VET and employment services can both play an important role in reducing the deficiencies in the Australian system. I will explore here a number of policy levers that might allow for smoother school-to-work transitions in Australia, including the idea of a Youth Guarantee.

¹⁷ Andy Furlong, John Goodwin, Henrietta O'Connor, Sarah Hadfield, Stuart Hall, Kevin Lowden, Réka Plugor, *Young People in the Labour Market: Past, Present, Future*, Routledge, London, 2017; Johanna Wyn and Dan Woodman, 'Generation, Youth and Social Change in Australia', *Journal of Youth Studies*, Vol. 9, No. 5, 2006, pp. 495-514.

¹⁸ Foundation for Young Australians, *The New Work Reality*, Foundation for Young Australians, Melbourne, 2018.

¹⁹ I discuss this further in Shirley Jackson, "Why We Don't Need to Prepare Young People for the 'Future of Work'", *The Conversation*, 21 June, 2018.

THE TRANSITION FROM STUDY TO WORK IN CONTEMPORARY AUSTRALIA

For young people in Australia, the transition from school to work is increasingly defined by insecurity. In some sense, school-to-work transitions have always been characterised by periods of instability. New entrants to the labour market have always been expected to learn skills, earn respect and prove their value before achieving stability. However, the labour market deregulation policies of the 1980s and 1990s have contributed to young people in the 21st century remaining in precarious positions well into their late 20s and even their 30s.²⁰ Since the opening up of higher education under the Whitlam Government, university level education has been held up as the best protection against unemployment. However, recent research finds that the causal relationship between education and employment has been eroded.²¹ Detailed data from the Graduate Outcomes Survey, which canvasses graduates four months after they finish their studies, offers some insight. Apart from providing essential employment information, this survey also covers more complex issues, like skills utilisation, demographic inequalities and how well study prepares graduates for work. While the overall number of undergraduates in full-time employment in 2018 rose to 72.9% from 68.1% in 2014, this is still well below the pre-Global Financial Crisis employment level of 85.2% in 2008.²²

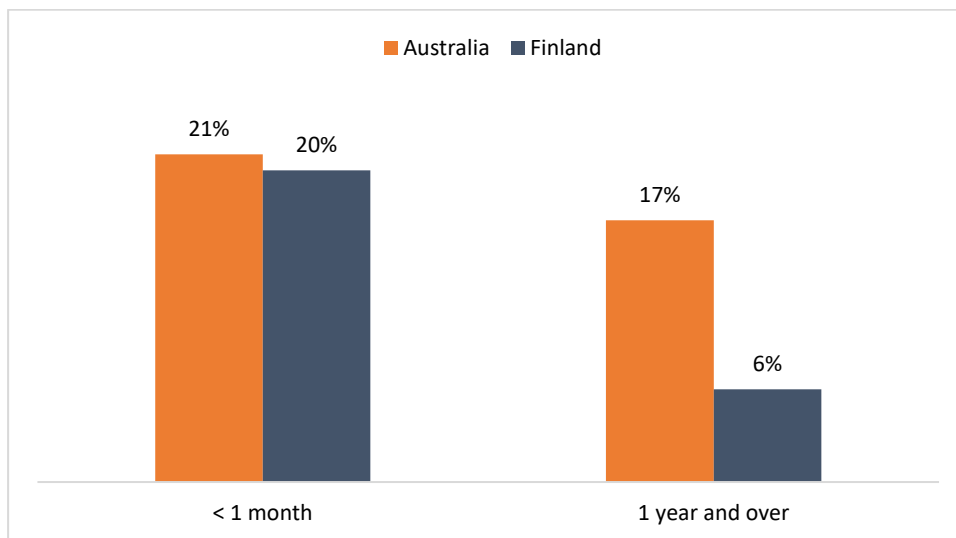
When considering youth unemployment, its extent in Australia is similar to Finland in the short-term i.e. less than one-month category: but long-term youth unemployment is much higher in Australia than in Finland. The incidence of long-term unemployment (i.e. those out of work for a duration of one year or more) as a percentage of total unemployment among 15-24-year-olds in Finland is little more than one third what it is in Australia, as shown in Figure 3 below, which is from the latest available (2017) data.

²⁰ Maarten Goos and Alan Manning, 'Lousy and Lovely Jobs: The Rising Polarisation of Work in Britain', *Review of Economics and Statistics*, Vol. 89, No. 1, 2007, pp. 118-133; Guy Standing, *The Precariat: The New Dangerous Class*, Bloomsbury, London, 2011; Wyn and Woodman 2006.

²¹ Hernan Cuervo and Johanna Wyn, "An Unspoken Crisis: The 'Scarring Effects' of the Complex Nexus between Education and Work on Two Generations of Young Australians", *The International Journal of Lifelong Education*, Vol. 35, No. 2, 2016, pp. 122-135.

²² Graham Challice, Shane Compton, Lisa Bolton, Natasha Vickers, Rastko Antic, Cynthia Kim, Alistair Wilcox, Gimwah Sng, Evie Eker and Sebastian Misson, *2018 Graduate Outcomes Survey National Report*, Australian Government Department of Education and Training, January 2019, pp. 2, iii, 8; <https://www.qilt.edu.au>

Figure 3: Australia and Finland, proportion of total unemployment among 15–24-year-olds by selected durations unemployed



Source: Unemployment by duration: incidence, OECD Employment and Labour Market Statistics (database), <https://doi.org/10.1787/data-00322-en>

Worse still, the latest Household, Income and Labour Dynamics in Australia (HILDA) survey data shows graduate wages are shrinking over time. For those who graduated between 2006 and 2009, the average weekly wage was A\$947.31 in their first year of graduate employment. For those who finished university between 2012 and 2013, that figure had shrunk to A\$791.58.²³

There are also uneven rates of employment, as some areas of study provide better employment prospects than others. Some of this is to be expected. Medicine continues to provide full-time employment, while creative arts offers less in the way of traditional employment outcomes. However, despite the emphasis on science, technology, engineering and mathematics (STEM) graduates in the current government’s innovation agenda, businesses are failing to fully utilise the existing scientific workforce. More than 60 per cent of graduates with full-time work report that they have taken a job unrelated to their study area due to external labour market factors. These factors include employment relevant to their study not being available and employers wanting graduates to have more work experience, as well as graduates only being able to find part-time or casual work.²⁴

²³ Roger Wilkins, *The Household, Income and Labour Dynamics in Australia Survey: Selected Findings from Waves 1 to 15*, Melbourne Institute of Applied Economic and Social Research, Melbourne, 2017, p. 58.

²⁴ Challice et al, *2018 Graduate Outcomes Survey National Report*, pp. iii, 3, 29.

Unsurprisingly, part-time work is becoming a more likely employment pathway for graduates. Given that over a third of graduates are working part-time, it might be tempting to assume this shift away from full time work reflects a choice made by young people. However, contrary to frequent claims by business leaders for example that young people want or need “flexibility”, recent research shows that the latest generations of young workers continue to desire full-time, secure employment just like previous generations.²⁵

SMOOTHING THE TRANSITION

Active labour market policy involves a cluster of measures designed to get unemployed people back into work, preferably into industries experiencing labour shortages, and usually contains some mix of reforms centred on education (secondary and tertiary, including vocational), income support and employment services. As young people are more likely to be employed in insecure work arrangements, active labour market policies have the potential to significantly alter the school-to-work transition.

While conservative analysis often highlights the economically liberalising reforms of centre-right governments,²⁶ the ‘Nordic model’ remains a comprehensive yet also surprisingly fluid style of welfare state. In particular, Finnish education approaches are frequently held up as offering answers to key labour market policy questions for other developed economies such as Australia.

The Finnish education is sophisticated and in terms of vocational learning offers many insights for interested policy makers such as:

1. The publicly funded nature of the system. Because national and regional governments invest substantial funds into the system, students face no financial barriers to entry, and are able to access additional subsidies for transport and meals whilst studying;²⁷
2. Skill competencies are heavily regulated to national standards which ensure, for example, proficiency of problem solving in technology-rich environments, producing graduates with dependable skill sets attractive to employers;

²⁵ Jessica Crofts, Hernán Cuervo, Johanna Wyn, Graeme Smith and Dan Woodman, *Life Patterns: Ten Years Following Generation Y*, Youth Research Centre, Melbourne Graduate School of Education, The University of Melbourne, 2015.

²⁶ ‘Nordic Countries: The Next Supermodel?’, *The Economist*, 2 February 2013.

²⁷ *Finnish VET in a Nutshell*, Ministry of Education and Culture, Helsinki, 2018, p. 7.

3. Whilst studying, Finnish young workers are paid the full unemployment benefit of €32.40 per day.²⁸ This works out to approximately A\$732.34 per fortnight, which is significantly higher than Australia's Youth Allowance of A\$455.20.²⁹ That is important because it reduces reliance on paid employment in non-career industries and occupations, like hospitality, retail and fast food. This in turn helps to reduce underutilisation and 'skills mismatching';
4. Debt-free study. By providing the world class system without a cost to the consumer, financial barriers to entry are reduced. Also, if students who go through this system complete their studies and are unable to find work, they are not forced to take work in non-career industries or occupations to pay off student debt, but are instead offered a place in another training opportunity or workplace.

These four pillars of the Finnish VET system provide for a much smoother transition than young workers in Australia are currently experiencing. Finland's provision of basic financial support for students engaged in the system also gives them security currently missing from the Australian system and reduces their reliance on work in industries where their skills are not useful. However, there is a fifth pillar that is currently in development, which Australian policy makers should consider: the Youth Guarantee.

FINNISH YOUTH GUARANTEE

Established on 1 January 2013 under then Prime Minister Jyrki Katainen, the Youth Guarantee is a broad suite of policies designed to ensure that every young person under 25 is either in employment or education.³⁰ Importantly, the program is tailored to each individual, involving a variety of skills training, employment services and educational qualifications customised for each young person, based on her or his aptitude, experience and capacity. Crucially, every young person under the age of 25, and every recently graduated person under the age of 30, is offered either a place for work, a work try-out, a study place, a place at a workshop, or 'rehabilitation' placement no later than three months after registering as unemployed.

Stakeholders and participants in the Finnish Youth Guarantee include not only the national economic, employment, finance, social affairs, education and health

²⁸ Source: <https://www.kela.fi/web/en/amount-and-payment-basic-unemployment-allowance>

²⁹ Source: <https://www.humanservices.gov.au/individuals/services/centrelink/youth-allowance-students-and-australian-apprentices/how-much-you-can-get>

³⁰ Henna Keränen, *Young People within Services: Best Practices for the Promotion of the Youth Guarantee*, (Finnish) Ministry of Employment and The Economy, Department of Employment and Entrepreneurship, 2012.

Ministries and the key institutional actors in the labour market. The stakeholders and participants also include local authorities, educational institutions, social and health care organisations, cultural entities, youth outreach services, the national network of *Työ- ja Elinkeinoministeriö* (TE) employment services offices, as well as church parishes and various ‘Third Sector’ community groups. Co-operation of a similar kind, and on a similar scale as occurs in Finland, is needed to overcome the deep problems of precariousness and uncertainty now confronting young people in Australia.

KEY PRIORITIES FOR YOUNG WORKERS

Among the lessons that Australian policy makers can learn from the Finnish VET and employment services systems which might improve policies and outcomes for young workers in Australia, the idea of a Youth Guarantee in particular has the possibility to greatly improve the school-to-work transition. By investing in debt-free, competence-based skills training, combined with on-the-job experience and financial support, the Australian government can reduce the long-term unemployment rate of young people. However, this decision requires the political will to engage in these significant reforms. It requires buy-in not just from policy makers, but from trade unions, business leaders and community groups.

While the Finnish example provides some insights into how a future Australian system might be structured, there is also some local evidence to support the validity of these reforms. The Victorian Government is strongly investing in VET as a key pillar of its policy agenda. Although there has been little academic study of that investment yet, the initial reports are positive. In January 2019 over 3 000 Victorians had enrolled in ‘Free TAFE’ priority courses since they were announced.³¹ This preliminary outcome holds promise that positive Finnish-style vocational education changes could be implemented more widely in Australia.

³¹ See: <https://www.premier.vic.gov.au/victorians-rush-to-start-free-tafe/>