

## **All post-secondary students need good information on graduate employment outcomes**

Inquiry into School to Work Transition  
Standing Committee on Employment, Education and Training  
Department of the House of Representatives

8 June 2017

I wish to address the second element of the Inquiry's Terms of Reference: 'Opportunities to better inform and support students in relation to post-school education and training, including use of employment outcomes of students who undertake school-based vocational education or post-school tertiary pathways'. The purpose of this submission is to outline what the New Zealand Government has done to provide better information on employment outcomes for all recent post-secondary graduates. The submission starts with reference to the shortcomings of Australia's available information on graduate outcomes.

My consultancy work in public policy has included a focus on skills formation policies and labour market outcomes. I have designed and analysed the results of graduate tracer surveys in the Pacific. I have done work on this issue for the Asian Development Bank, Samoa Qualifications Authority, Government of Tonga, and the Australian Department of Foreign Affairs and Trade. The latter assignments were in relation to an independent evaluation of the Australia Pacific Technical College and as part of the design team for Stage 3 of the Australia Pacific Technical College. It was through the latter assignment that I had the opportunity to visit and talk to New Zealand government officials in Wellington, in addition to other matters, about the new information on graduate outcomes they are about to release.

### **Need for students to have access to improved information from which to make an informed choice**

The Minister for Education and Training, Senator Simon Birmingham, in the new Higher Education Reform Package released on 1 May, 2017 stated that 'Students deserve improved information from which to make an informed choice on the most relevant course of study for them...'. However, the package focuses on reforms to the information provided to students at the front-end of tertiary education but little attention is paid to providing better information on graduate employment outcomes.

### **New Zealand changes to provide comprehensive, detailed information**

In contrast, the New Zealand government is releasing in July 2017 comprehensive information on graduate outcomes, as outlined in an [announcement by the then Minister for Education, Steven Joyce](#), in September 2015. The information, based on tax records and other administrative data, will show for most graduates their employment status and earnings by provider, qualification level and field of study for each year up to seven years after graduation. This information is to be published for each provider of post-secondary qualifications, not just for university graduates. Detailed information on the initiative is

available on the website of the New Zealand Ministry of Education.<sup>1</sup> The following is a summary of that information plus other information provided from interviews with NZ government officials.

Education and training providers are expected to provide prospective students with the information on their recent graduates' outcomes. The collation, analysis and central publication of the data will not be a cost to providers but funded as a public good. The intention is that 'Students will also be able to see what and where to study to improve their employment prospects'.<sup>2</sup> The aim is also to help education and training providers to 'better understand and improve their programmes and performance' and to become more responsive to labour market demand by identifying gaps in the training they offer.

What New Zealand is doing is a major advance on the limited and inadequate information available in Australia. The key features of the New Zealand approach include making use of high-quality outcomes data, doing so for all post-secondary graduates, and requiring all providers to publish this information, subject to the confidentiality requirements of Statistics New Zealand.

The data on outcomes will be based on graduates' dominant activity: whether graduates are employed, in further study, resident overseas, on a welfare benefit or other/unknown. Earnings will be reported for graduates in employment or self-employment in New Zealand using three measures: median, lower quartile and upper quartile. The earnings data will be available for graduate cohorts for each year for up to seven years after graduation. The focus will be on graduates aged 21-29 years to try to identify the effects a qualification has on employment and earnings, separate from the effect of prior work experience.

How it will work? All education and training providers now supply data on their graduates to government three times a year as a condition for receiving public funding. These data are then relayed to Statistics New Zealand to include in their integrated database. Separately, providers are asked to give their written consent to Statistics New Zealand to release data on graduate outcomes for their institutions. These data for each graduate are matched with data based on tax records, welfare payments and border-crossings. The means for doing this is a large research database called [the Integrated Data Infrastructure \(IDI\)](#) which Statistics New Zealand compiles and manages. The IDI is described as a research tool to 'answer complex questions to improve outcomes for New Zealanders'.

Strict confidentiality requirements and protocols have been set to ensure that individuals are not identified in any way. This means that where the number of graduates from a provider in a specific field of study is 50 or less, the result will not be reported. To ensure that there are sufficient numbers to meet this confidentiality requirement, graduates from different years are included. This restriction on reporting is expected to reduce coverage to about 80 per cent of graduates.

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<sup>1</sup> [Publishing provider-level information on Employment Outcomes of Tertiary Education From 2017. Tertiary Education Providers will have to publish information on the employment status and earnings of their graduates](#)

<sup>2</sup> Steven Joyce, 2015, 'Employment outcomes to be published', Tertiary Education, Skills and Employment Minister, Government of New Zealand, 14 September.

### **What is the situation in Australia?**

The publicly-funded information available on graduate outcomes in Australia is limited to university graduates and provides information on only a minority of these graduates. The data available on employment outcomes are from the Graduate Destinations Survey (GDS) for 2014-15 and the Graduate Outcomes Survey (GOS) for 2016. However, these surveys suffer from too low a response rate to provide comprehensive information on graduate employment outcomes by qualification level and field of study. The overall response rate for the new and now centralised 2016 Graduate Outcomes Survey was only 41 per cent. There is also considerable variation in response rates between tertiary providers (ranging from 27 per cent for UTS to 55 per cent for the University of New England). This overall response rate may be acceptable for a marketing survey but it is not adequate to provide enough data for reporting on qualifications with small graduate numbers.

The New Zealand approach, using tax data, is much better because it makes good use of high-quality administrative data which provides comprehensive coverage of the target population. This means that the outcomes for graduates at a specific institution by qualification level and field of study with a population above 50 can be reported. Also the comprehensive data source on income means avoiding the upward bias which a large non-response rate is likely to produce.

### **What changes are underway?**

The Australian Government's Higher Education Reform Package makes no specific reference to the need to provide students with information on graduates employment outcomes. Mention is made of funding for the website Quality Indicators for Learning and Teaching (QILT) which includes \$8 million for 'measures to improve greater transparency for students'. However, these measures are seen as only providing data on real graduate earnings and on the likelihood of students completing their course.

The reform package does acknowledge the need to use taxation data to produce more reliable graduate earning data with these words: 'In 2017, the Department of Education and Training is working with the Australian Tax Office to develop graduate income data to inform students of graduate earnings potential. Data is [sic] scheduled to be published on the Quality Indicators for Learning and Teaching website in early 2018'. However, it is not likely that these data will be available for graduates by qualification level and tertiary provider, as has now been made available and analysed for England.<sup>3</sup>

### **The limitations of what is planned**

Reliance on taxation records alone cannot provide a comprehensive picture of what graduates are doing. Data are also needed on whether the graduate is in domestic employment, further study, resident overseas or dependent on welfare benefits. Information on other employment outcomes is also needed such as how relevant the graduate's field of study is to the jobs they hold over time. This information is missing from the New Zealand reporting on employment outcomes.

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<sup>3</sup> Jack Britton, Lorraine Dearden, Neil Shephard & Anna Vignoles, 2016, 'How English domiciled graduate earnings vary with gender, institution attended, subject and socio-economic background'; IFS Working Paper W16/06, Institute of Fiscal Studies, London, 13 April.

The other major gap in the focus on employment outcomes of graduates in Australia is the lack of attention paid to those receiving training in the technical and further education sector. All Australian students doing nationally recognised training are required to have a Unique Student Identifier (USI). This includes students doing Vocational Education Training (VET) when they are still at school as VET for secondary students. However, there is no policy objective to use this identifier to use tax records to report on VET student or graduate outcomes in general. However, for the reporting of VET outcomes to have any practical value, the information is needed for each VET provider by qualification level and field of study. Most VET providers receive public funding so they should be asked to provide access to their students' identifiers.

### **Which agency should be involved?**

There is the issue of which agency or agencies in Australia should be given the task of making this happen. The Australian Bureau of Statistics is the appropriate agency to manage the setting up and operation of an integrated data resource so that its demanding confidentiality requirements are met.<sup>4</sup> However, the process of negotiating access to information on student identifiers and analysing the results from an integrated data resource should be the responsibility of an independent statutory authority. The obvious candidate for this role is the Tertiary Education Quality and Standards Agency (TEQSA). Expertise from New Zealand should be called on to ensure the lessons learned from their experience are applied.

Well-informed student choice of subject and post-secondary institution in which to study requires good information about graduate employment outcomes by qualification level, field of study, type of jobs held and earnings over time. This information is only of any value to students if it is reported at education and training provider level. The Australian Government needs to address the substantial challenge of providing this information not only for the graduates of tertiary institutions but also for all post-secondary education and training providers.

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<sup>4</sup> David W. Kalisch, 2016, 'Using Data to Measure Outcomes and Inform', presentation to the Think Outcomes conference, Melbourne, Australian Statistician, 12 April.