

PREAMBLE

TAFE Directors Australia (TDA) is the peak national body incorporated to represent Australia's 58 public TAFE Institutes and university TAFE divisions, and the Australia-Pacific Technical College (APTC).

Australia's TAFE Institute network is the largest and most diverse tertiary education sector in Australia with more than 1300 campuses located across Central Business Districts (CBD), suburban, regional and remote locations, with many Institutes offering further services through the Asia-Pacific and other offshore regions.

The core business of TDA is supporting its member Institutes and leading the advocacy for quality education and training in Australia.

TDA has highlighted a number of defining characteristics of TAFE institutes that are relevant to their role in the tertiary sector. For example, TDA identified that TAFEs:

- are large, diverse, publicly owned institutions with prescribed accountability and governance arrangements that ensure adherence to prescribed quality assurance frameworks
- offer a broad educational experience with individualised learning options for a wide range of students, both local and international
- invest in social inclusion / community service obligations
- deliver in a range of industry sectors
- emphasise industry relevance, currency and regional workforce development
- are commercially oriented with dividends re-invested in education or for the public good
- represent a low risk to government for market failure¹.

¹ TDA, 2010, *A Blueprint for Australia's Tertiary Education Sector*

INTRODUCTION

TDA's position on the Higher Education Base Funding Review focuses on Question 1.1 of the Consultation Paper, namely:

Government investment in higher education has been justified in terms of delivering benefits to the economy, benefits to society and equity of access for students from all socioeconomic backgrounds. Should these principles continue to be applied, and if so how should they be used to determine the appropriate level of government subsidy for the cost of universities' learning and teaching activities?

TDA's response to this question takes as its starting point the Australian Government's response to the recommendations of the Bradley Review of 2008², in which it outlined the key objectives for the nation's future, namely:

- **A stronger Australia** - boosting Australia's share of high skilled jobs and productivity growth will require a highly skilled workforce that can rapidly adapt to meeting future challenges
- **A fairer Australia** – all Australians will benefit from widespread equitable access to a diverse tertiary education sector that allows each individual to reach their potential ...
- **Future challenges** – acting now to lay down a 10-year reform agenda for higher education will position Australia to deal with future challenges and take advantage of the new jobs and other opportunities that will emerge in the years ahead³

The Bradley Review specifically addressed issues related to VET, for example:

The Australian Government will progressively extend the tertiary entitlement to the vocational education and training (VET) sector commencing with higher level VET qualifications...

In order to meet ... targets the panel considers a more deregulated system is necessary. It proposes that, in a staged process, access to Commonwealth funds be made available to a wider range of eligible providers.⁴

Against this background, the current Higher Education funding system is entirely out of step with Australia's future needs. Commonwealth funding is allocated almost exclusively to universities which in turn cater for the most advantaged group of students.

The body of this submission argues that TDA members have a significant role to play in the achievement of the Australian Government's objectives and merit better recognition in the Higher Education funding system.

² Bradley, D et al, 2008, *Review of Higher Education Final Report*, Department of Employment Education and Workplace Relations

³ DEEWR, 2009, *Transforming Australia's Higher Education System*, p.7.

⁴ Bradley, *ibid*, p. xiv

THE EMERGING TERTIARY SECTOR

The Bradley Review outlined a vision for a tertiary sector that would assist the Australian Government to reach its targets for participation, attainment, access and engagement. The Review Panel also recognised that new approaches will be necessary to ensure that these targets can be met. Coming from a tradition of success in attracting a wide range of students and with a particular strength in supporting students from low socio-economic backgrounds, TAFE institutes responded to the Bradley vision with enthusiasm.

Since that time, the tertiary sector has been evolving rapidly. For example, the sector has seen:

- The establishment of at least two additional institutions bearing the name ‘polytechnic’⁵
- Moves to establish the sixth dual sector university⁶, and the first in Queensland, through the amalgamation of Central Queensland University and Central Queensland Institute of TAFE
- The establishment of a regional university network comprising a host university and a number of small regional TAFE institutes under one academic ‘umbrella’
- Change to the structure of a university⁷ to incorporate other sectors of education including schools and VET, both public and private
- Increases in the number of TAFE institutes registered as Higher Education Providers (HEPs)
- Further developments in franchising arrangements or joint delivery of university courses in many different forms⁸
- Implementation of State and Territory tertiary planning processes (Victoria, NSW, ACT, Queensland).

There has also been a number of structural changes at Federal, State and Territory level to reflect a tertiary environment and recognise significant convergence in the tertiary sector as well as increasing diversity amongst the providers.

These developments illustrate a number of ways in which TAFE institutes have become more involved in the delivery of Higher Education, in their own right and/or in partnership. At present there are eight TAFE institutes as well as TAFE NSW registered as Higher Education Providers (HEPs) and this number is expected to grow. With the exception of three programs in two TAFE institutes, all are full fee-paying.

⁵ Includes Polytechnic West and the Tasmanian Polytechnic addition to the existing use of the name in the private sector

⁶ The others being Ballarat, Charles Darwin, RMIT, Swinburne, Victoria University

⁷ University of Canberra

⁸ For example ‘Deakin at Your Doorstep’

TAFE'S ROLE WITH AND INDUSTRY AND THE REGIONS IN THE TERTIARY EDUCATION MARKET

In the competitive Higher Education market, TDA members have found a niche offering Higher Education programs that build on their existing strengths in vocational education, typically in fields of study where they have established close relationships with industry and can design degrees where the industry identifies an existing gap or an emerging need. These are often work-based degrees, designed and conducted in conjunction with industry and locally delivered, including to small to medium enterprises. Responding directly to industry demand with a strong emphasis on the mix of knowledge and applied technical skills needed for success in employment, they effectively serve to address the Australian Government's identified skill shortages. Examples include areas such as Building, Engineering, Electrical/ Electronics, Health and Early Childhood. TDA members are as well or even better-placed to address skills shortages than universities are because of their close association with industries and enterprises and the role they play in workforce development. TDA considers that this contribution to national productivity by its members deserves greater exposure, recognition and support within the tertiary education context.

TAFE is also well positioned to extend access to degrees through its extensive footprint of campuses servicing thin markets where universities are often not present. This broad geographical spread of more than 1300 campuses also means that TAFE campuses are often in remote, rural or otherwise disadvantaged centres providing access to students from low socio-economic backgrounds.

Importantly, TAFE's increasing role in Higher Education does not negate the continuing strong commitment of TDA members to VET. TDA emphasises that its efforts to achieve greater recognition of TAFE's role in Higher Education is in no way at the expense of VET. Rather the aim is to build on and strengthen the expertise of TAFE in industry-related education and training to enhance the diversity of the tertiary sector. Depending on regional circumstances, some TDA members have no intention of entering the Higher Education field. In other instances, TDA members intend to offer only Associate Degrees as an end qualification or as a pathway to a Degree.

RECOGNITION OF TAFE'S ROLE

TDA notes that as part of its response to the Bradley Review, the Australian Government announced its commitment, from 2012, to funding a Commonwealth Supported Place for all undergraduate domestic students accepted into an eligible, accredited Higher Education course at a recognised public Higher Education Provider⁹ but, contrary to the Bradley recommendations, this is limited to Australian public universities and the Batchelor Institute of Indigenous Tertiary Education.

TDA is strongly of the view that 'a recognised public higher education provider' should be interpreted more widely and include TAFE institutes that are registered as HEPs. This applies in two ways:

Firstly, TDA argues that TAFE institutes should have access to Commonwealth Supported Places (CSPs) for degrees offered in identified areas of national skill shortage.

Secondly, TDA argues TAFE institutes, with a history of successful delivery to students from low socio-economic backgrounds, should have access to Commonwealth funding for degrees that provide access to economically or socially disadvantaged students.

⁹ DEEWR, 2009, p.17

TDA has consistently argued that all degrees offered by TAFE institutes in skill shortage areas should be eligible for CSPs so that tertiary education better meets Australia's needs. Better utilisation of the capacity of TAFE Institutes to provide tertiary education will assist the country to meet future economic challenges and support regional development. It is only very recently that very limited CSPs have been made available for degrees delivered in TAFE. As previously stated, only two TAFE institutes registered as HEPs have access to CSPs and these are confined to Nursing and Early Childhood Development. This may reflect the fact that TAFE institutes are relatively new entrants in the Higher Education market, but should not continue indefinitely. The Higher Education Base Funding Review provides the opportunity for change.

TDA further argues that withholding CSPs from TAFE institutes and TAFE students does not meet the fairness objective outlined by Government. For example, most degrees offered by TAFE institutes attract fees from \$8,000 - \$15,000. Many of the degrees described above that respond to skill shortages would fall into the Commonwealth categories of *Funding Cluster 5 – Visual and Performing Arts/Allied Health* or *Funding Cluster 7 – Engineering or Surveying* where total resourcing (student contribution + Australian Government contribution) is currently \$15,972 / \$18,229 and \$22,723 respectively. In both clusters the maximum student contribution is \$7,567. Total resourcing for *Funding Cluster 6 - Nursing* is \$17,213, with a student contribution of \$5,310.

Lack of fairness to students in this two tier funding system arises out of the following:

- The student contribution is in all cases significantly greater in TAFE and also attracts an administrative charge, further increasing the cost to the student.
- TAFE students are more likely to come from a low socio-economic background.
- The overall resourcing is less in TAFE for a degree that has duly satisfied the quality requirements of the Higher Education sector and may well have an impact on the quality of delivery.

The two-tier funding system also impedes the development of a diverse tertiary sector in that it represents a disincentive for TAFE institutes to fully engage in tertiary education:

- Because degrees offered in TAFE are full fee-paying, there is less opportunity to create economies of scale and sustainable delivery than would be the case with Commonwealth funding.
- The removal of caps on place for universities affects TAFE's capacity to attract students and may mean that students attend a university when in fact the degree, the location and the learning environment offered by TAFE would better meet those students' needs.
- The current arrangement of supporting some courses and institutions and not others has no transparent rationale and implies a hierarchy of providers.

A CHANGING MINDSET

It is important to note that the above arguments cannot be seen as self-serving or exclusive to TDA. There is in fact a groundswell of opinion in the wider tertiary sector that supports them. Most recently:

- The incoming Chair of Universities Australia commented on the value of HECS because *'it means that no Australian is ever excluded from going to university because they can't afford upfront fees'*. On this basis, he called on the government to consider extending the HECS system to TAFE students.¹⁰
- The Australian Technology Network of Universities called for graduates who work in skills shortage areas to be rewarded by having their HECS debt reduced¹¹.

CONCLUSION

TDA maintains that:

1. **TAFE institutes that are registered as HEPs should be treated as a 'recognised public Higher Education Provider' for funding purposes**
2. **Commonwealth Supported Places should be available to students studying degrees in TAFE institutes where they:**
 - are enrolled in in skill shortage areas
 - come from low socio-economic backgrounds.

Adopting this as Commonwealth policy would support the Australian Government's stated objectives of a stronger Australia, a fairer Australia and positioning Australia to meet future challenges.

***Bruce Mackenzie
Chair, TAFE Directors Australia
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¹⁰ 'The Age', 29.3.2011

¹¹ The Australian Financial Review, 29.3.2011