



ABN: 39 070 265 734

National Secretariat
Canberra Institute of Technology
Block E, Southside Campus Woden
Ainsworth Street, Phillip
GPO Box 826
Canberra ACT 2601 Australia

Ph: 02 6205 4600

Fax: 02 6205 1288

Website: www.tda.edu.au

Submission to the Review of Australian Higher Education

by TAFE Directors Australia

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Contact: Martin Riordan
Chief Executive Officer
TAFE Directors Australia
Office 02 6205 4600
Website www.tda.edu.au



TAFE DIRECTORS AUSTRALIA
SUBMISSION TO THE REVIEW OF AUSTRALIAN HIGHER EDUCATION

Contents

Executive Summary

- 1. Introduction**
- 2. The Mission, Functions and Characteristics of Higher Education**
- 3. The Relationship between Higher Education and VET**
- 4. Labour Market Responsiveness and the Balance of Provision in Post-school Education**
- 5. Funding, Governance and Regulatory Arrangements**
- 6. Access and Participation in Tertiary Education**
- 7. Credit Transfer and Student Mobility**
- 8. Higher Education's Role in the National Innovation System**
- 9. Educational Quality Assurance**
- 10. International Education**

Attachment A : AEI data - VET and international education

Executive Summary

This submission addresses those Terms of Reference and the issues raised in the Discussion Paper which are of most relevant to TAFE as the major provider of Australian vocational education and training (VET) and in the context of the growing role of TAFE institutes as providers of higher education.

Most, if not all, of the characteristics and functions of higher education listed by the Discussion Paper also apply to the VET sector. This raises the question of whether it is necessary to identify the separate and distinguishing characteristics of each of these sectors or whether it would be more realistic and productive to consider the post-school sector as a whole.

Within Australian TAFE there is considerable support for the post-school sectors of the Australian Qualifications Framework (AQF) to be reconstructed in a manner consistent with the International Standard Classification of education (ISCED). A unitary and internationally comparable qualifications framework would promote student movement between qualifications, recognise the convergence and fluidity of employment outcomes for graduates and encourage greater parity of esteem for TAFE qualifications.

A international compatible qualifications framework would also greatly assist TAFE in the international marketing of its qualifications. In this regard, it is also important that the continuing collaboration on Asia- Pacific quality assurance should encompass all tertiary education and not be limited to the current higher education definitions and arrangements as they currently pertain in Australia.

However, there is little TAFE support and a considerable degree of concern at recent proposals to re-define Diploma and Advance Diploma qualifications as exclusively higher education awards while maintaining the current bifurcated sectoral structure of post-school education. This would create a compressed and residual VET sector with reduced possibilities for students' educational and occupational mobility.

TDA concurs with the Discussion Paper's views regarding the probable continuation of flat student demand for higher education and of any expansion of higher education probably being at the expense of the VET sector. There is a need to on Year 12 completion and the skill needs of the majority of the workforce who have no post-school education and training. In this regard, it is important the continued upskilling of the existing workforce is given high priority.

In determining the overall balance of provision between, and within, the VET and higher education sectors, there is a strong case for a national labour market research agency which provides data to assist institutions in planning and responding to labour market needs.

However, in an environment where students are being asked to bear a significant proportion of the costs of post-school education, student choice must also be a key determinant of the mix of courses and qualifications offered by individual institutions.

There is some TAFE support for the introduction of income-contingent loan arrangements for government supported places in the TAFE sector. However these would need to be matched by the broadening of the current student learning entitlement (SLE) to include all post-school education. TDA estimates that a universal SLE could be largely budget neutral to governments' expenditures given the offsets involved.

The Discussion Paper notes that some groups in the community continue to have unacceptably low participation rates in education. Participation by many of these groups is much higher in TAFE which is committed to the provision of second chance education, learning support and educational mobility through a fully articulated qualification structure. Greater TAFE - higher education collaboration could greatly improve access to higher education by people from these educationally disadvantaged groups.

Adequate, fair and transparent articulation and credit transfer between qualifications are critical to equity of access and educational mobility, particularly for educationally disadvantaged groups. While TAFE and universities have bilaterally negotiated a range of successful credit transfer arrangements, many barriers remain. A key recommendation of a 2006 report to MCEETYA was for funding to assist institutions to develop, maintain and monitor successful credit transfer arrangements. TDA regrets that this has not yet been implemented and believes that this funding should be an outcome of the present Review.

The consideration of higher education's contribution to innovation in the Discussion Paper is almost entirely restricted to research quality and funding in public universities. There needs to be greater recognition of the current engagement in, and future potential of, research, development and innovation in TAFE Institutes particularly where TAFE is working in active partnership with leading enterprises and business and community organisations.

TDA proposes the establishment of an Education and Industry Research and Innovation Fund which would allocate funding on the basis of the relative merit of submissions received from throughout the tertiary education sector. This would complement the Commonwealth's recently established Education Infrastructure Fund (EIF).

Over the past two decades, significant differences have emerged in the curriculum and educational quality assurance practices of the higher education and VET sectors. TDA believes that this is an area which needs a great deal more attention with a view to developing more consistent and compatible, although not necessarily uniform, practices across the broader post-school education sector. This will require a 'greenfields, blue sky' approach in the design and establishment of new national quality assurance arrangements. It cannot be achieved by continuing to simply add on to the current plethora of national agencies.

As providers of both higher and other post-school education, TAFE Institutes will need to be adequately represented on all national quality assurance bodies.

TAFE Directors Australia

Submission to the Review of Australian Higher Education

1. Introduction

TAFE Directors Australia is appreciative of this opportunity to contribute to the Review of Higher Education commissioned by the Minister for Education, Employment and Work Relations on behalf of the Australian Government.

Established in 1998, TAFE Directors Australia (TDA) is the national peak body representing the Chief Executives of Australia's 59 government-owned TAFE Institutes, providing a national and international voice for Australian TAFE.¹

This submission addresses those issues raised by the Review's terms of reference and the Discussion Paper that are of most relevance to the core business of TAFE as the major provider of Australian VET qualifications and in the context of the growing role of TAFE Institutes as higher education providers.

The submission has been prepared in consultation with the Board and members of TDA. However the views expressed in this submission do not necessarily reflect the views of all TDA members, a number of whom may make individual submissions to this Review.

2. The Mission, Functions and Characteristics of Higher Education

(Ref: Section 1 of the Discussion Paper)

The Discussion Paper's initial description of the role and significance of higher education is based on the traditional role of public universities.

However, this does not take account of the way in which Australia has moved from an elite to a mass system of higher education, of the recent diversification of higher education providers, or of the fact that, when participation in higher education and VET are considered together, Australia now has, in OECD terms, a universal system of tertiary and post-school education.

It is therefore no longer realistic to regard the nexus between teaching and research as an intrinsic element of all higher education or to characterise it as *the* source of new knowledge

¹ In this document, the term "TAFE institutes" includes the TAFE divisions of dual sector universities.

production. Not all higher education providers engage in both teaching and research and by no means all production of new knowledge takes place in higher education institutions.

While higher education clearly plays a crucial role in educating and training people who can create, transfer and use knowledge, the Review needs to also acknowledge that new knowledge is also often produced at other sites, including other tertiary institutions such as TAFE and leading edge firms. The issue of sites of research, development and innovation is further discussed in Section 8 of this submission.

The more specific higher education functions and characteristics that are listed in the same section of the Discussion Paper provide a more contemporary and reasonably comprehensive summary of the role of Australian higher education. It is significant that most, if not all, of them apply equally to the VET sector of post-school education.²

One traditional and quite distinctive role that is specific to universities but that is *not* mentioned in the Discussion Paper, is the responsibility to conserve existing and past knowledge. This is a particularly important role for specialist university libraries and archives as well as for the humanities and the arts. To omit this role risks an overemphasis on technical and functional knowledge at the expense of these disciplines.

3. The Relationship between Higher Education and VET *(Ref. Section 3.4 of the Discussion Paper)*

The overlap of higher education's roles and characteristics with other sites of knowledge production and transmission, most particularly with VET, raises the question of whether it is necessary or useful to identify unique distinguishing characteristics for each of these sectors or whether it would not be more productive to consider the post-school education sector as a whole. The Discussion Paper includes a useful consideration of this issue (pages 39-40).

There is considerable support within Australian TAFE for the at least the post-school sectors of the Australian Qualifications Framework (AQF) to be reconstructed in a manner consistent with the International Standard Classification of Education (ISCED).³ As noted by Marginson and cited in the Discussion Paper, this would also be consistent with the North American approach to higher education which includes community colleges and institutes of technology.

It is envisaged that a unitary qualifications framework would promote student movement between qualifications, recognise the convergence and fluidity of employment outcomes for graduates, encourage greater parity of esteem for TAFE qualifications. and greatly assist TAFE in the international marketing of its qualifications.

² The terms "post-school" and "tertiary" are used in this submission to reference to AQF Certificate III level qualifications and above. Certificate III qualifications cannot usually be completed within the framework of secondary curriculum and certification requirements.

³ Although not necessarily directly aligned with the ISCED.

In this regard it is also important that future work on Asia- Pacific quality assurance should encompass all tertiary education and not be limited by the current higher education definitions and arrangements as these currently pertain in Australia.⁴

The key function of the current sectoral bifurcation of Australian post-school education appears to be the delineation of Commonwealth and State funding responsibilities rather than any fundamental distinction between the nature of knowledge or outcomes generated by the two sectors.

This is not to deny that there are significant differences in the intellectual complexity, skills and occupational outcomes at different levels of post-school education. However, these are, and should be, represented by the different *qualification levels* rather than by the sector to which each qualification has been administratively assigned. The qualification descriptors of the AQF distinguish reasonably clearly between the knowledge and skill requirements at each qualification level although there is potential for further refinement. These descriptors are also capable of distinguishing between different accreditation and accountability requirements without the need to allocate each qualification to either, or both, the higher education and VET sectors.

However, it is important to emphasise that there is little TAFE support and a considerable degree of concern at some recent proposals to redefine Diploma and Advanced Diploma as exclusively higher education qualifications while retaining the binary distinction between higher education and VET. This would create a compressed and residual suite of VET sector qualifications with less, rather than more, scope for VET student movement to higher qualifications and occupational mobility.

The Discussion Paper also raises the issues of whether TAFE degrees would lead to a binary system and/or whether an integrated tertiary education framework might reduce TAFE to a higher education feeder role.

TDA's view is that it is not appropriate to use either funding arrangements or a qualifications framework to limit the scope of individual institutions. Neither the current sectoral boundaries, nor the AQF guidelines, restrict institutions to one sector. Thus both public and private institutions - including universities - are able to, and increasingly do, offer a mix of qualifications drawn from both the higher education and VET sectors.

It is in this context that a unitary qualifications framework could contribute to the requirements in the Review's Terms of Reference for "an integrated relationship between higher education and vocational education and training" as well as "an emphasis on developing institutions - *not* sectors - that follow clear and distinctive missions to provide higher education opportunities".

⁴ See Discussion Paper, page 53

4. Labour Market Responsiveness and the Balance of Provision in Post-school Education

(Ref: Section 3.41 and also 3.1 of the Discussion Paper)

The Discussion Paper cites a number of studies which demonstrate the positive relationship between higher levels of education and increased workforce productivity. These studies suggest that individuals will require both completion of secondary school and a post-school qualification to achieve a reasonable level of employment and job mobility in future labour markets.

The Discussion Paper also refers to two studies (*Shah and Burke, 2006* and *Birrell et al, 2006*) which predict that future workforce requirements will be predominantly at the paraprofessional/first line professional levels and thus require qualifications at the cusp of the current vocational and higher education sectors.

These studies reflect the continuing skill shortages which are creating pressure on governments to provide more education and training places.

However, somewhat ironically, student demand for both higher education and higher level VET places has been flat and, in some instances, declined in recent years.⁵

It is likely that this static demand for places in both sectors is most immediately due to the extremely tight labour market conditions. Inadequate student income support and, for TAFE courses, the lack of a student income contingent loan provision may also act as deterrents to prospective full time students. In the longer term, Australia's ageing demographic combined with the current high levels of participation in higher education may at best maintain overall demand from school leavers.⁶

This supports the Discussion Paper's conclusion that any increase in higher education places may be at the expense of VET enrolments.

The Discussion Paper also notes that, while the proportion of the Australian population with a higher education qualification is comparable with the leading group of OECD countries, Year 12 and equivalent Certificate III completion rates rank well below this.⁷ TDA agrees with the proposition that overall improvement in educational attainment and productivity will therefore require a concentration on those with no, or relatively little, engagement with post-school education and training. This includes a focus *both* on Year 12 or equivalent completion and participation in some form of post-school education and training.

⁵ In the VET sector, while publicly funded enrolments at the Diploma level and above have declined in 2006 and 2007, student contact hours have increased by between 1-2% nationally. This suggests both a shift of student load towards more full time enrolments and/or into longer courses. The pattern of change was also very uneven across states and territories. For example, in Victoria these contact hours increased by 9% while Western Australia recorded a decrease of approximately 8%. This probably reflects the different labour markets in each of these states. See NCVER *Students and Courses, 2007*, Table 4, requested electronic delivery 29th July 2008

⁶ ACER surveys indicate that, among school leaver applicants, only 5% do not receive an immediate offer of a higher education place and that by age 24 almost half of these are engaged in some form of post-school education. See Gray Marks "Unmet Demand?" (short title) *Longitudinal Surveys of Australian Youth, Research Report 46*, ACER Nov. 2005

It is equally important to bear in mind the significant conclusion of the Shah and Burke study that half of the higher skill requirements of the economy will need to be met by the up-skilling of the existing workforce. This will require progressive short cycle up-skilling which has immediate labour market value for both individuals and employers but which may also cumulatively lead to a qualification over time.

In addition, given the strong nexus between VET and skills migration applications the Australian Government's proposal for substantially higher intakes of skilled migration, will further increase the flexibility and capability demands for Australian VET providers in their onshore delivery needs.

In the context of these rapidly shifting patterns of both labour market and student demand, the Discussion Paper raises the question of whether the balance of provision should be determined through a planned approach or by student choice.

TDA believes that the relative balance of provision both between and within the VET and higher education sector is best achieved through a combination of both planning based on labour market skills forecasting and student choice.

The VET sector has developed considerable expertise in skills forecasting and responsive planning. However, current planning practices tend to be over-centralised. They are also frequently vulnerable to the vagaries of the competing budget and policy imperatives of different levels of government and can at times be susceptible to the special pleadings of particular interest groups.

Nevertheless, institutions need reliable current information in order to plan and respond effectively to student and industry requirements while competent labour market analysis and sound forecasting techniques are capable of providing them with useful, if indicative, data. There is thus a strong case for an independent Australian labour market research agency charged with generating and publishing reliable and relevant labour market data relevant to all sectors of education and training.

In general, however, TDA favours an approach where the quantum and mix of places in each institution is driven by student demand for its courses and the reputation of its qualifications. This is a *sine qua non* of students' meeting a substantial proportion of their post-school education costs, whether directly or through an income contingent loan system.

However, this needs to be qualified on a number of counts:

- Student choice needs to be exercised equitably and inclusively through access to student learning entitlements for government supported places. This entitlement currently only applies to students who successfully gain admission to public universities⁸. This entitlement should immediately be extended to all adults who enrol in accredited post-school education. In combination with income-contingent student loan arrangements, TDA believes that the introduction of this universal learning entitlement could be a budget neutral initiative for governments.

⁸ And a very small minority of other "approved higher education providers".

- Governments need to provide adequate labour market information to institutions and to retain the ability to influence the supply of places in areas of labour market shortages by funding additional government-supported places.
- The *content* of particular courses and qualifications should be primarily strongly influenced by industry and occupational experts rather than either student choice or the particular academic interests of teaching staff. Some of the issues involved in developing greater compatibility between VET and higher education approaches to curriculum design and educational quality assurance are discussed in Section 9 of this submission.

5. Funding, Governance and Regulatory Arrangements

(Ref: Sections 3.4, 3.7 and 3.8 of the Discussion Paper)

TAFE Institutes currently manage multiple sources of Commonwealth and State funds and are required to comply with a range of different regulatory requirements. There is considerable frustration within the TAFE system at the inconsistencies between Commonwealth and State funding levels and reporting requirements as well as the significant differences in approach of the different State and Territory jurisdictions. In addition, many TAFE Institutes regard their lack of statutory autonomy as a significant obstacle to their ability to respond flexibly and competitively in the context of a strong policy emphasis on the contestability of public funds.

One example of this is the State/Territory responsibility for the management of VET CRICOS registration and compliance while VET registration for FEE HELP provider status comes under DEEWR authority.

There is a growing, although by no means unanimous, view among TDA members that funding and reporting could be streamlined were all TAFE Institutes to be established as statutory bodies and based on common funding and reporting arrangements.

There is also considerable sympathy for the introduction of income contingent student loan arrangements for publicly funded TAFE students, largely in anticipation of the improved equity of access which these loans would facilitate.

However, many TDA members have also strongly urged caution in regard to these proposals. There is a very strong commitment to ensuring that the current strengths of TAFE are retained and fostered rather than dissipated as part of any major reform of funding and governance arrangements. In particular, attention should be paid to maintaining and strengthening arrangements which:

- retain accessibility for existing workers to obtain qualifications incrementally and where possible, through RPL and workplace training;

- introduce income-contingent student loan provisions while also maintaining current tuition fee levels, concession and exemption arrangements in the TAFE sector (subject to the need to introduce a nationally uniform fee structure);
- resolve anomalies between the Commonwealth’s commitment to subsidise university places on a non-contestable basis and its apparent policy goal of rendering VET sector funding fully contestable (leading to the possibility of the complete privatisation of TAFE);
- establish TAFE institutes as independent statutory authorities with appropriate financial and management powers and without financial or other obligation to amalgamate, merge or otherwise formally affiliate with a university or another TAFE Institute;
- affirm and adequately fund TAFE’s role as a provider of second chance, bridging and prevocational education as an essential pathway for job seekers, and educationally disadvantaged and/or socially marginalised people;
- strengthen TAFE’s ability to support indigenous up-skilling, and literacy and numeracy requirements, given national *Job Seeker* strategies, and employment targets by the Australian Government – with emphasis on VET entry, and clear and stable arrangements for articulation to higher education;
- support TAFE onshore and offshore international capability. For example, offshore Assessment Centres, being extended beyond VET to include higher education, with support for funding to provide top up service capability, while securing articulation arrangements, to ensure these are more streamlined for those seeking entry to Australian industry.

TAFE’s role in ensuring equitable access and outcomes in tertiary education is explored further in the next section of this submission.

6. Access and Participation in Tertiary Education

(Ref: Section 3.2 of the Discussion Paper)

The Terms of Reference for this Review require consideration of “underpinning social inclusion through access and opportunity”. The Discussion Paper notes the challenges that exist for higher education in ensuring equity of access and participation from all parts of the Australian community.

TAFE Institutes have a critical role to play in addressing this participation and equity challenge through:

- Providing ‘second chance’, bridging and general education up to Year 12, as well as on-going learning support for all students in the general education competences

required for successful participation and completion of vocational programs at the Certificate III level and above.

- Pro-active referral, integration and learning support for students progressing to vocational qualifications.
- Customised programs which combine vocational training and general education.
- A tiered and modular curriculum structure which provides seamless progression to higher level qualifications to Advanced Diploma level with full credit for prior achievement.
- Facilitating the participation and attainment of existing workers through appropriate scheduling, e-learning, extensive use of RPL processes, staggered progression towards qualifications through skill sets and workplace delivery. While there is still considerable scope to expand and improve these practices, it should be noted that Australian TAFE appears to be well ahead of its UK and North American counterparts in this regard.

It is in large part because of the participatory philosophy to which these services give effect, that participation in TAFE by people from the lowest SES quartile, from regional and rural areas and, to some extent, among indigenous and remote communities, is broadly representative of their numbers in the community. This contrasts markedly with their significant under-representation in university enrolments.

However, it should also be noted that many of these support services have become inadequately funded in recent years and that the current concept of contestability which applies to an increasing proportion of TAFE funding, fails to take into account these costs. Over time, this is likely to lead to a reduction in participation and completion of qualifications by educationally disadvantaged people.

7. Credit Transfer and Student Mobility

(Ref: Section 3.4 of the Discussion Paper)

Effective credit transfer arrangements between post-school qualifications are an essential component of a fair and transparent system for the allocation of tertiary places. They allow people from disadvantaged and underrepresented groups, and others who have followed different educational pathways, to realise their capabilities without unnecessary repetition and loss of time and earnings. Effective credit transfer thus maximises both the private and public returns on investment in education. It can also provide an efficient and timely means of adjusting the balance of provision in response to shifting labour market requirements between qualification levels.

Ideally the AQF should provide a relatively seamless and progressive relationship between all post-school qualifications. However, actual patterns of student movement between VET and

higher education courses highlight a number of apparently entrenched barriers, ambiguities and anomalies.

Numbers of students admitted to government supported (i.e. HECS liable) university places on the basis of their TAFE studies and/or granted advanced standing on that basis, increased during the 1990s but have since remained relatively static. The much more moderate growth in intersectoral student movement which occurred during the five years to 2006 appears to have been very largely restricted to international and full fee domestic students.

Several independent research studies funded by the *Higher Education Council* during the period 1990-1996 found that students entering university from TAFE performed as well or better than other university students in the same study mode. Unfortunately, this funding is no longer available and it is difficult to ascertain whether these findings remain generally valid in 2008, although some recent anecdotal reports from TAFE institutes with good credit transfer arrangements confirm that this trend continues for their TAFE graduates enrolled in university courses.

Most credit transfer arrangements are negotiated bilaterally between TAFE institutes and universities. The scope, durability and impact of these arrangements therefore vary considerably. Effective arrangements require sustained effort and attention, particularly by the TAFE partners, but TAFE funding leaves little or no scope to provide this service and, with some justification, most State and Territory governments view credit transfer arrangements as being outside their obligations for the provision of vocational education and training.

The 2006 *Phillips KPA Report*, to which the Discussion Paper refers, provides a number of examples of successful credit transfer arrangements which facilitate student progression to higher education. The Report also identifies a number of barriers and problems and makes a number of recommendations including the establishment of a government funded program to assist VET and higher education institutions to establish, implement and maintain successful and inclusive credit transfer programs. (Recommendation 2)

TDA finds it regrettable that after two years the Commonwealth has not taken, nor has any plans to take, any action to implement this recommendation. This continues the lack of commitment to promoting credit transfer and articulation on the part of both the Commonwealth and, more arguably, of many universities. One example to note is the Collaboration and Structural Reform program introduced in 2004, which has only funded one TAFE-University linkage project although several similar proposals were submitted. Later, the Federal Budget 2007 created another Structural Adjustment programme, yet restricted access to university-initiated collaboration. Budget 2008 only marginally relaxed this provision, continuing to isolate TAFE from engaging in Commonwealth educational, structural and/or budget driven collaboration and reform synergies.

One barrier which was not considered in any detail by the *Phillips KPA report* was the uncertainty of many universities' admission policies for TAFE graduates. It is often unclear how TAFE graduate applications are assessed and the offer rate varies significantly between universities and from year to year. In several cases it appears that these are judgements made

subjectively after the fact at the Faculty, or even the teaching department level, in a manner inconsistent with published university policies.

Universities need to make their selection and offer policies and processes much more transparent as part of the information available to TAFE students prior to the time of application. Somewhat more arguably, there is a case for universities assigning a sub-quota of places for applications based on TAFE qualifications, particularly in light of the greater representation of equity target groups among TAFE students.

The relative adequacy and reliability of TAFE-University credit transfer arrangements is one factor which TAFE institutes take into account when considering whether to move to their own accredited Associate and Bachelor degree qualifications. Other reasons include industry demand (both domestic and skilled migration) for more vocationally targeted degree programs and student and graduate preference for remaining with the same institution.

Private providers who offer qualifications in both the VET and higher education sectors are also clear that the availability of transparent and assured course articulation within one institution is a major attraction for students. The ability to provide such a seamless transition for publicly funded students within TAFE has historically been limited but is now becoming more possible with the introduction of income contingent student loans for full fee higher education and linked VET courses in some TAFE Institutes. Student enrolments in TAFE higher education programs now number over 1000 and are increasing steadily.

Several TDA members have observed significant increases in the number of university graduates enrolling in TAFE courses – a process sometimes termed “reverse articulation”. Many of these students are seeking short cycle courses focusing on specific applications or skills. In many jurisdictions, TAFE is able to respond to this demand with full fee Graduate Certificates and Diplomas. However, many university graduates continue to enrol in publicly funded VET qualifications without being required to draw further on their student learning entitlement. For example, in one metropolitan TAFE institute, university graduates and undergraduates comprise some 25% of enrollments in selected technology, food science and media courses, showing recognition by the marketplace that TAFE can deliver more defined job skills than many universities.

8. Higher Education’s Role in the National Innovation System

(Ref: Section 3.5 of the Discussion Paper)

There is a curious lacuna between the title and the text of this section of the Discussion Paper. Having noted the requirement in the national higher education protocols that universities must engage in research and teaching, virtually the entire discussion and the related questions focus on university research funding and quality.

While this may reflect the university sector’s understanding of the scope of the current national innovation system, that system is also currently under review and it is therefore surprising that

the Discussion Paper does not explore the ways in which a broader higher education system might in future engage in research, development and innovation.

TDA encourages the Panel to take greater account of the following:

- The national protocols do not *preclude* other higher education institutions from engaging in research. Nor is high quality and effective research necessarily linked to the supervision and award of research degrees, notwithstanding that the two are usually considered inseparable in the traditional university sector. Indeed the provision in the national protocols for institutions to *become* universities, specialist universities or university colleges anticipates that some non-university higher education providers will in fact develop, demonstrate and consolidate research capacities.
- While Commonwealth funding for higher education research is currently limited to public universities, some significant privately commissioned research is being undertaken by non-university higher education providers. This is evident from the high incidence of research undertaken by the private sector, especially in health-related industry sectors.
- As noted by the Productivity Commission, and acknowledged in the Discussion Paper, university-based research does not lead to innovation unless it is effectively transferred, adapted and integrated with productive economic activity. The majority of the workforce on which successful innovation depends is VET qualified. This is particularly significant in Australia where, like most medium sized developed economies, a great deal of new knowledge is imported directly into workplaces and adapted on site to Australian conditions and markets. It is important therefore to consider how universities might work with TAFE institutions to prepare and involve existing and new workers in the innovation process. This could usefully be included within the ambit of any recommendation the Review Panel might make on “third stream funding” (see Section 3.7 of the Discussion Paper).
- Equally significant is the Productivity Commission’s observation that while university-based research is internationally comparable, industry-based research and innovation falls far short of that being undertaken by Australia’s main OECD comparators. There would appear to be a clear need for the national innovation system to address this apparent imbalance, not least because while most university research has a long lead time, industry-based innovation projects are often more directed towards short and medium term productivity gains.

For these reasons, TDA believes that a significant proportion of ARC and other Commonwealth research and innovation funds should be earmarked for applied research, development and innovation and allocated on the basis of competitive quality rather than the historical status of the applicant institution. Eligibility for this funding should be expanded to include non-university tertiary institutions, particularly where these are working in active partnership with leading enterprises and other business and community organisations.

This should include the restructuring of Cooperative Research Centres (CRCs) which currently have been structured to promote collaboration between industry and higher education research agencies, while qualifications in applied learning and TAFE's associated synergies with heavy and high technology industries are neither within their protocols nor on the business planning 'radar screens' of CRCs.

Opening up research and innovation funding by creating an Education and Industry Research and Innovation Fund would complement the Commonwealth Government's recent decision to increase the size and expand the coverage of new infrastructure funding through the Education Infrastructure Fund (EIF).

9. Educational Quality Assurance

(Ref: 3.4 and 3.9 of the Discussion Paper)

In the section on governance and regulation, the Discussion Paper makes several references to educational quality assurance arrangements. However, there are major differences between the higher education and VET sectors in curriculum philosophy and quality assurance arrangements. Within TAFE, a major reservation about the possibility of an integrated tertiary sector concerns the apparent supposition that current higher education quality practices will prevail and that the considerable quality improvements made by VET in recent years will be subsumed and fragmented.

These improvements include the considerable systemic investment which has been made in industry-determined content and assessment for VET qualifications. TDA supports a high degree of industry engagement and influence and notes the observation in the Discussion Paper that, increasingly, universities are seeking to emulate this approach for those courses which have designated occupational outcomes. TAFE has also established international leadership in delivery of workplace training and, particularly in this regard, university staff could gain much from observing and mentoring by exemplary TAFE teachers and lecturers.

TDA also believes it is important to maintain the labour market relevance of TAFE's current system of a unitised, competency based and nested qualification structure. However, the national VET training package arrangements are often too inflexible to allow variations to meet the differential needs of local and regional employers and fail to give sufficient attention to students' conceptual development and the acquisition of transferable skills. Greater curriculum autonomy is needed by TAFE institutes to enable them to respond to the different general vocational competencies required in different regions and by different groups of students.

TDA supports the balance of emphasis between inputs, processes and outcomes reflected in the Australian Quality Training Framework (2007 version) and the associated Excellence Criteria endorsed by the National Quality Council. These arrangements compare favourably with the established AUQA processes which appear to focus almost entirely on individual institutional processes without reference to independent benchmarks for the assessment of teaching standards or learning outcomes.

The Discussion Paper is relatively silent on the relative merits of these different approaches to curriculum design and educational quality assurance. TDA believes that this an area which needs further attention with a view to developing more compatible and consistent, although not necessarily uniform, practices across all tertiary education. This will require a “greenfields-blue sky” approach to the design and development of new national quality assurance arrangements. It cannot be achieved by combining existing VET and higher education agencies or by adding yet more agencies to the current plethora.

For this reason TDA believes that MCEETYA’s further consideration of the proposal to establish a national higher education accreditation authority should await the final outcomes of this review regarding the overall structure of Australian tertiary education.

TDA also notes that as providers of both higher and other tertiary education in a national system, it will be important for TAFE institutes to have representation on all national quality assurance bodies, as is currently the case for public universities.

Ultimately the responsibility for relevance, quality and sustained student demand should rest with individual institutions, the clarity of their mission, their relationships with both employers and the wider community and their ability to be competitive in a market-driven post-school education sector. TAFE institutes need the autonomy and flexibility to pursue, achieve and be accountable for these objectives.

Section 10 – International Education

(Ref: Section 3.5 to 3.9 inclusive of the Discussion Paper)

The international market has grown to Australia’s third largest export industry, with export earnings of AUD\$12.7 B in 2007. Yet the Discussion Paper focused its review mainly on higher education student growth, internationalization, and diversity of students (3.5).

The Terms of Reference, however, does not restrict issues to these topic areas, and these comments are taken within this context. Specifically, TDA notes the integrated branding of ‘**Study in Australia**’ provides a real marketplace context which prompts the need for equal opportunities and certainly, more clarity in the relationships between HE and VET. Importantly, this marketing demonstrates how the tertiary sector might better develop with reforms to create improved student transparency, and governance. We advocate these issues should be treated within a tertiary context, as international education and our export ‘education brand’ reaches across issues of diversity, global focus, investment efficiency and quality standards, from a student and consumer perspective.

Australian Education International enrolment data (AEI, May, 2008) confirms the continual rapid rate of growth of international engagement across the VET sector. Whilst the international student enrolments for the sector have grown more than 46% over the past year offshore industry engagement models have also been growing. NCVER in 2006 noted that 56% of public providers are involved in offshore delivery servicing more than 31,000 students in their home countries.).

In Australia, the HE international business model has largely been built on student inbound recruitment, and many private RTOs in VET have followed, with English language and VET course delivery focused on skilled migration and immigration points satisfaction requirements. However, an equally important model has been that most successfully pursued by many TAFE Institutes, which successfully built international growth on securing offshore VET delivery. The focus of this delivery has been across four areas:

- collaboration with offshore industry (EG mining industry, South America/South Africa/oil and gas, or electricity technicians across China Institutes), or community or special events (Olympic and Commonwealth Games project management and volunteering, emergency services);
- private and public sector institute VET providers, with TAFE supporting the delivery of twin qualifications with AQTF related educational programmes;
- VET capacity system building (\$20M Chongqing World Bank/AusAID programme); and
- supporting completion courses, with focus on English language and skilled migration linked courses. Frequently, this channel of student enrolment from such institutions involved with TAFE offshore, has enhanced the reputation of TAFE, and significantly contributed over the past three years to the fast-rising inbound TAFE international student enrolments (2 + 1, or similar programmes).

The widening role of TAFE Institutes working across the region indicates these business models have enhanced the reputation of TAFE, and interestingly, perceptions that as Australia's public VET provider, TAFE delivers a guarantee of capacity for fee paying students to enroll in a quality well recognized Australian public VET/TAFE institution with the expected level of student and support services. The reputation in this area has also been reflected in the backdrop over recent years of several private RTOs which have experienced financial difficulties, and requiring Tuition Assurance support for refunds or relocations for VET international students.

Over the past three years, various Government Ministries of Education through the region have responded by seeking special MoU Agreements between their Ministries of Education and TAFE (via TAFE Directors Australia), which have included secure preferred supplier delivery at TAFE Institutions, or at the least staff exchanges for professional mentoring. (eg – *China CEAI – TDA, and Republic of Chile MoU with Universities Australia, Group of Eight, and TAFE Directors Australia*). These opportunities alone have given rise to a special challenge however for TAFE Institutes, to adequately articulate their status and role in the Australian VET marketplace, vis-à-vis private and enterprise RTOs. The contrast becomes stark when considering universities enjoy categories of HEP provider registration protocols, which at the least create a criteria of entity, including a form of risk analysis for (foreign governments) and agents when considering information on courses, student protection and consumer transparency.

Finally, as Australian industry widens its reach and resource and associated training needs across countries through our Asia-Pacific and nearby regions such as the United Arab Emirates, the 'work ready' qualifications framework is increasingly needed in a tertiary context.

These issues intensify requirements for greater consumer transparency and tertiary sector governance, including:

- i. Despite joint tertiary sector marketing under '*Study in Australia*', the divergence in governance of the sector domestically presents challenges for students, articulation uncertainties between TAFE and universities, and associated challenges. The amendment to the ESOS Act 2007, and the complexities in differential reporting standards highlighted by Victoria's dual sector institutions, provided the most recent evidence that these domestic governance variations create impediments, add to student costs, and arguably heighten risk factors to the growth and quality of Australian international education across tertiary providers. The sectors also retain differing audit regimes, and assessment platforms.
- ii. VET governance and RTO regulation constitutes as 'one group' all of some 4,000 of Australia's public and private providers. This rather liberal grouping takes little account of capacity, student services, equity access, corporate risk or educational attainment or ranking – or public or private ownership, charters and student guarantees. Indeed, NCVET data has remained limited in scope for the VET sector, because private institutions are exempt from many forms of reporting. The HEP provider categories (A, B and C) have ongoing relevance to legislative governance, funding and risk profiles. This anomaly should be reviewed, especially to deliver greater industry and student profile transparency across registered RTOs, and to support a more robust tertiary sector and institution reputation.

For further information

National Secretariat

Contact: Martin Riordan
Chief Executive Officer
TAFE Directors Australia
Office 02 6205 4600
Website www.tda.edu.au



Monthly Summary of International Student Enrolment Data¹ – Australia – April 2008

AEI year-to-date (YTD) April 2008 international student data show there were 367,218 enrolments by full-fee international students in Australia on a student visa. This represents an 18.1% increase on the same period in 2007. Commencements grew by 22.3%. Overall growth of full-fee international students in Australia for the year remains strong; however there have been declines in enrolments from major markets such as Hong Kong, Japan,

the United States of America and Taiwan.

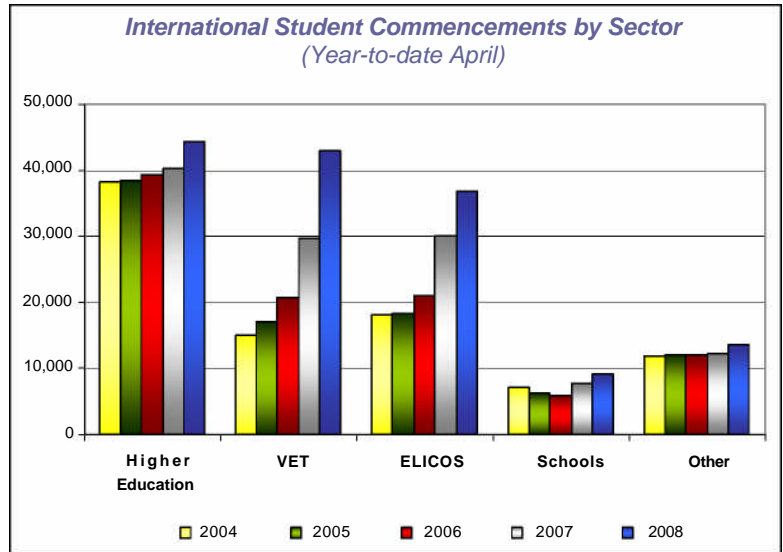
The strong growth in the Vocational Education and Training (VET) sector, evident in the early 2008 data continues. YTD April 2008 figures show increases of 46.2% and 44.8% in enrolments and commencements respectively over the same period in 2007.

India, Nepal and China together accounted for a significant share of this growth (72.3% and 65.7% respectively). There was also growth from Thailand, the Republic of Korea, Pakistan and Vietnam. The top four broad fields of education were 'Management & Commerce', 'Food, Hospitality & Personal Services', 'Society & Culture' and 'Engineering & Related Technologies'—all experienced commencements growth of between 42.5% and 72.0%. At the detailed fields of education level, 24.6% of the commencements growth in the sector was in 'Hospitality Management'. Growth also occurred in 'Business Management' (14.5% of growth), 'Welfare Studies' (10.3%) and 'Hospitality' (9.8%).

Enrolments in the higher education sector increased 2.8% while commencements increased 9.8% compared with the corresponding period in 2007. China, India and Malaysia were the three largest contributing nationalities of enrolments. China recorded the largest increase in commencements with 1,989 more commencements than the same period in 2007, i.e. a growth of 18.6%. In comparison, the growth from India in the same period was 0.7%, continuing the trend of the Indian market shifting from the higher education sector to the VET sector. The majority of the commencements growth in this sector occurred in the 'Management & Commerce' and to a lesser extent 'Architecture & Building' broad fields of education (accounting for 57.2% and 6.3% of the growth in higher education respectively).

The English Language Intensive Courses for Overseas Students (ELICOS) sector showed growth in both enrolments (23.9%) and commencements (22.5%). This growth was largely driven by China, India, Saudi Arabia, Vietnam and Brazil. There were declines from traditional markets in the sector such as the Republic of Korea, Japan, Taiwan and Hong Kong.

Enrolments and commencements in the Schools sector grew by 13.8% and 20.3% respectively. The growth in the sector can be attributed to the growth from China. Chinese enrolments now account for 47.4% of all international student enrolments in the schools sectors. Traditional markets such as Indonesia, Japan, Hong Kong and the Republic of Korea have declining enrolments.



Sector	Year-to-date, Enrolments			Year-to-date, Commencements		
	April 2007	April 2008	Change %	April 2007	April 2008	Change %
Higher Education	145,230	149,352	2.8%	40,374	44,330	9.8%
VET	76,847	112,328	46.2%	29,753	43,094	44.8%
ELICOS	51,055	63,235	23.9%	30,114	36,895	22.5%
Schools	20,942	23,837	13.8%	7,667	9,220	20.3%
Other ²	16,864	18,466	9.5%	12,316	13,463	9.3%
Total in Australia	310,938	367,218	18.1%	120,224	147,002	22.3%

Top 5 nationalities contributing 56% of Australia's enrolments in all sectors					Double-digit growth occurred in 9 other markets with over 2,000 enrolments			
YTD Apr Nationality	2007	YTD Apr 2008	Growth on YTD Apr 2007	Share of all nationalities	Nationality	YTD Apr 2008	YTD Apr 2007	Rank
China	74,588	88,670	18.9%	24.1%	Nepal	11,014	146.7%	8
India	39,434	59,569	51.1%	16.2%	Vietnam	9,639	55.4%	10
Republic of Korea	24,749	25,344	2.4%	6.9%	Brazil	8,783	26.5%	11
Malaysia	16,833	17,659	4.9%	4.8%	Sri Lanka	5,801	19.9%	15
Hong Kong	15,327	14,518	-5.3%	4.0%	Colombia	4,322	47.9%	17
Other	140,007	161,458	15.3%	44.0%	Saudi Arabia	4,269	126.5%	18
All Nationalities	310,938	367,218	18.1%	100.0%	Pakistan	4,186	38.7%	19
More information is available at: http://aei.dest.gov.au/AEI/MIP/Statistics/Default.htm					Mauritius	2,547	43.7%	23
					France	2,478	11.8%	24

¹ AEI data on enrolments and commencements (including the data in this update) relate only to international students in Australia on a student visa.

² 'Other' includes Foundation, Bridging and Enabling courses plus other courses that do not lead to a qualification under the Australian Qualifications Framework