



***THREE PILLARS – THE KEY TO THE QUALITY OF  
AN EXPANDED AUSTRALIAN TERTIARY SECTOR***

**Response to the Review of Higher Education**

**TAFE Directors Australia**

March 2009

## Introduction

The Review of Australian Higher Education was invited to prepare a report for the Deputy Prime Minister on the future direction of the higher education sector, specifically examining the current status of higher education in Australia against international best practice and assessing whether it is capable of:

- contributing to innovation and productivity for long term growth;
- ensuring that there is a broad based tertiary education system producing professionals for national and local labour market needs.

The Review was to advise the Government on key objectives for higher education using key themes:

- (a) a diverse, globally focused competitive higher education sector with quality institutions;
- (b) a higher education sector that increases labour participation and response to industry needs with a dynamic course mix ;
- (c) a higher education sector with improved funding to facilitate high quality teaching;
- (d) a higher education sector that increases student access for under represented groups;
- (e) ensuring a quality system
- (f) establishing the place of higher education in the broader tertiary sector in building an integrated relationship with VET.<sup>1</sup>

TAFE Directors Australia (TDA) welcomes the Bradley Report as a timely acknowledgement of the need for reform in tertiary education, a sector that is of vital importance to the productivity of the Australian economy, the community and to the success of Australia's 3<sup>rd</sup> largest export industry.<sup>2</sup>

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<sup>1</sup> Review of Australian Higher Education Final Report (2008)pps 205–206

<sup>2</sup> The Report observed that “Australia is losing ground. Within the OECD we are now 9<sup>th</sup> out of 30 in the proportion of our population aged 25 to 34 year olds with such qualifications, down from 7<sup>th</sup> a decade ago”

TDA is of the view that while the terms of reference refer to “a broad tertiary education and training sector” (p206), a primary focus of the Bradley Review is definition, accreditation, funding, regulation and performance of universities. Nevertheless TDA supports the Review’s concept of one tertiary sector encompassing universities and the VET sector.

The Bradley Review emphasises the urgency of reform in the tertiary sector. The Review seeks to drive change in the sector through setting targets. It proposes the following national participation targets to meet the labour market requirements anticipated by the shortfall of university graduates and to promote social inclusion:

- 40% of 25-34 year olds have attained a qualification at bachelor level or above by 2020 (currently 29%)
- 20% of HE undergraduate enrolments are low socio-economic status by 2020 (currently 16%).

These targets are entirely consistent with the COAG targets namely:

- Halve the proportion of Australians aged 20 - 64 without qualifications at Certificate III level and above between 2009 and 2020
- Double the number of higher qualifications (diploma and advanced diploma) between 2009 and 2020

TDA is of the view that TAFE institutes, as public providers of VET, are well positioned to make a significant contribution to the achievement of both of these sets of targets as part of TAFE’s contribution to an effective tertiary education and training system.

## Bradley's 'Key Characteristics' of an Effective Tertiary Education and Training System

Commencing on page 179 of the report, the Bradley Review defines six key characteristics of an effective tertiary education and training system:

**Bradley Tertiary Characteristic # 1:** The equal value given to both VET and higher education, reflecting the importance of their different roles in the development of skills and knowledge and their contributions to our economy and society.

**Bradley Tertiary characteristic # 2:** The recognition that institutions may have a primary mission in one sector, but should still be able to offer qualifications in the other sector as under current arrangements.

**Bradley Tertiary characteristic #3:** A shared and coordinated information base and approach to anticipating future labour market needs, industry needs and demographic needs.

**Bradley Tertiary characteristic #4:** A capacity for the whole system to provide integrated responses to workforce needs for industries and enterprises, including those in specific localities and communities like outer metropolitan and regional areas where there is significant population growth, low levels of educational attainment and participation and uneven provision

**Bradley Tertiary characteristic #5:** An efficient regulatory and accountability framework

**Bradley Tertiary characteristic #6:** Clearer and stronger pathways between the sectors in both directions.

TDA endorses these key characteristics as the basis for a new vision for an integrated tertiary education and training system for Australia. Thus, they form the basis for this response.

## The Context for TDA's Response to the Key Characteristics

The six key characteristics described by Bradley focus on structural relationships between the sectors. TDA believes that this needs to be further reinforced by clarification of two further fundamental issues:

- The removal of the ambiguity in the report about the meaning of the terms 'tertiary education' and 'VET' and far more consistent use of these terms in conjunction with 'higher education'.
- A common understanding of the elements required to ensure quality and how this relates to contestability and social inclusion

### **Terminology**

TDA notes the glossary definitions of 'tertiary education' and 'VET' adopted by the Bradley Review (page 201). While it makes sense to use the OECD definition of 'tertiary', it is critical to bear in mind that this definition specifically excludes most VET programs at the Certificate IV and all programs at the levels of Certificate I - III, while the definition of 'VET' covers all levels of qualification and, by extension, all of the 4,500 or so RTOs across Australia.

Importantly, these distinctions are not in fact consistently maintained throughout the report. There is real ambiguity in the Bradley Review's meaning and use of 'tertiary', particularly in Section 4.3. This is evident in the wording of Recommendation 43 which suggests that the '*entire tertiary sector*' includes '*vocational education and training and higher education*'. (p.xxv) For the successful implementation of even some of the Review Recommendations, it is essential that this ambiguity be resolved promptly and that consistency in terminology and meaning is maintained throughout the extensive and complex negotiating and restructuring processes that will necessarily ensue. In the absence of such clarification, it is difficult to see how the proposal for a single Ministerial Council for 'tertiary' education could materially add to further deliberations on the integration of VET and higher education over and above that which is already possible with the current MCEETYA/MCVTE arrangements.

We make several supplementary observations on this issue:

- There is also a danger that a re-segmentation of post-secondary qualifications may have divisive and socially inequitable implications. It would not lead to improved links, but would have the effect of simply re-sectioning the current sectoral divide and would relegate the VET sector to a permanently low-value status. TDA remains proud of its

long and outstanding record of delivery in the traditional trades and in traineeships and urges, particularly in the current economic climate, that more is done to ensure that these qualifications also have viable pathways to higher education.

- TDA is strongly of the view that, in an era when Australia's economic competitors are moving to genuinely integrated post-secondary education structures, Australia cannot afford to preserve century-old educational and occupational status divisions.
- However, for building confidence in "tertiary" information, TDA endorses Recommendation 46, for an expansion of the National Centre for Vocational Education Research (NCVER), to become a shared data base, but re-structured to include a customer focus – i.e. representatives of client user groups (universities, and TAFE Institutes).

The inconsistent use of terminology causes confusion and is referred to later in this response.

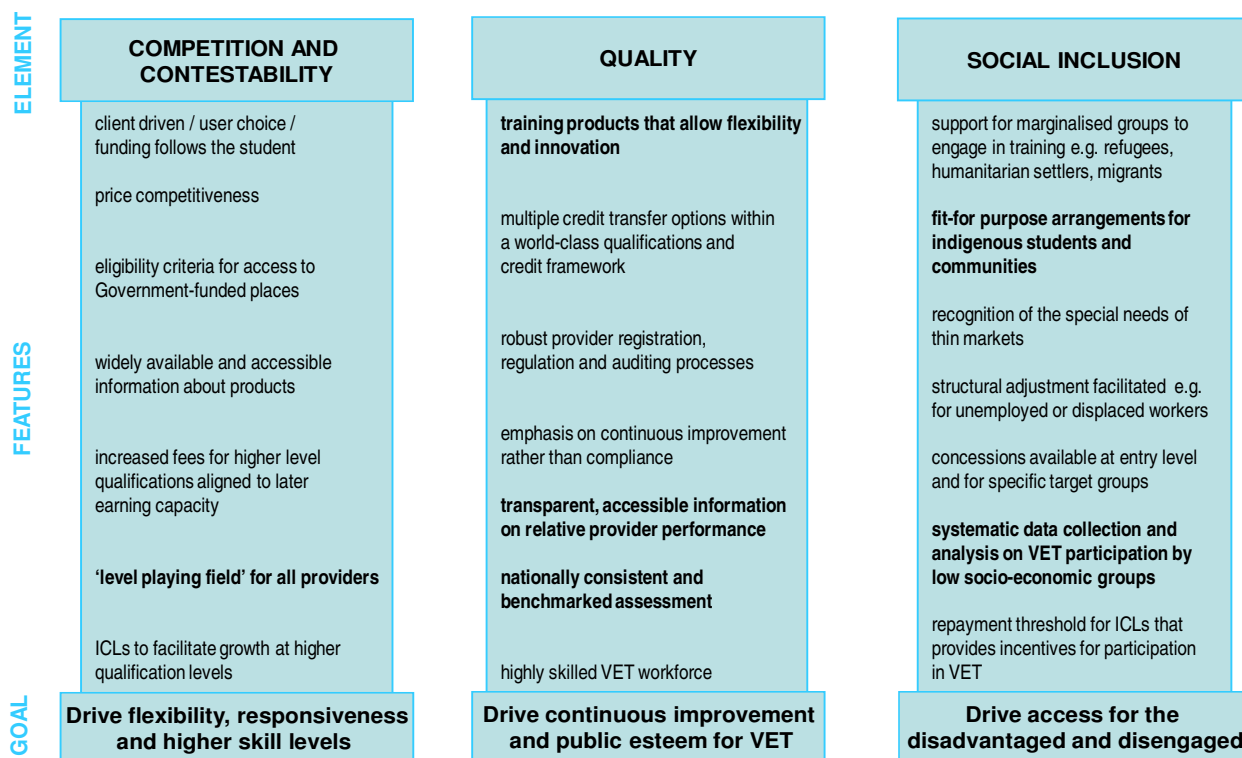
### ***Quality, Contestability and Social Inclusion: The TDA Three Pillars Model***

TDA is of the view that the Bradley Review in its examination of the 'broad based tertiary education system' did not adequately consider or describe the special role of the TAFE public provider in increasing labour participation or the breadth and complexity of the training sector. It is difficult to assert otherwise when VET only begins to be seriously addressed on page 179 of a 194 page report. All that can be said is that a start has been made.

With a view to taking this further, this response to the Review is presented from within a 'Three Pillars' model which informs the broad sense of direction and action of TDA.

TDA argues that for the Bradley Review to be successful there would need to be a set of outcomes, particularly for the TAFE Institutes as public providers of VET, that are consistent with the TDA three pillars model of contestability, quality and social inclusion.

## TDA THREE PILLARS MODEL



*Bradley Tertiary Characteristic # 1: The equal value given to both VET and higher education, reflecting the importance of their different roles in the development of skills and knowledge and their contributions to our economy and society.*

Bradley argues that the Australian Government should assume primary funding and overall regulatory responsibility for tertiary education. It maintains that “it is critical that higher education and VET remain distinct in their educational offerings and roles” (p 180), although it recognises that there is some overlap between the sectors.

TDA supports the idea of a tertiary sector with universities and TAFE institutes having “equal value” and yet distinct missions. However, this contention may not be so straightforward if the ambiguity between ‘tertiary’ and ‘VET’ is not resolved.

TDA affirms the notion of a ‘tertiary’ sector which builds on the signature strengths of the higher education sector and the vocational education and training sector. The tertiary sector, TDA argues, could be made up of VET players and higher education players with funding and other levers to encourage collaboration. The key issue is that the terms of collaboration should be jointly designed to fit local circumstances.

The Bradley Review however did not sufficiently acknowledge the wide diversity in the size, qualification profile and orientation of TAFE institutes across States, Territories and regions, and metropolitan/regional. TAFE institutes vary from community colleges primarily serving their local communities to large institutes with numerous campuses engaged in domestic and international markets and offering degrees. Some TAFE institutes have indicated an interest in reorienting their business model to that of a university college.

Unlike universities TAFE institutes operate within a nationally consistent framework of the Australian Quality Training Framework standards and industry developed Training Packages.

While there is some blurring at the margins, TDA acknowledges that in broad terms the TAFE sector has a different student profile and fundamentally different arrangements in its funding, regulatory and accreditation arrangements than universities. TAFE is distinguished by the centrality of its relationship with industry and its accredited training and assessment which is competency based and nationally recognised.

Just as importantly, the Bradley Review does not recognise that among the many 4,500+ RTOs across the country the qualifications offered are only at the lower levels and the industry sectors delivered to are limited. For some, the delivery of VET is not even their core business. Under these circumstances, the likelihood that the higher education sector would seriously give parity of esteem to VET seems questionable, if not totally unrealistic.

To address this issue, TDA is of the view that the Government must develop a classification scale for the whole of the higher education and VET sector, building on and extending Table 12 on page 126 of the Report, which contains classifications and categories for universities. This classification scale would be based on what the different parts of the tertiary system are doing to achieve the Government's education and training agenda. Classifications could recognise institutions operating across sectors. In the VET sector, the classification would need to take into account at least:

- The fact that degrees are offered
- The level of VET qualifications offered
- The range of industry sectors catered for
- The evidence of applied research conducted with these industry sectors
- The incorporation of government policy into strategy, particularly in relation to macro labour market requirements and social inclusion.

The scale would enable policy makers to group providers by similarity and have a more nuanced appreciation of the mission and performance of the providers in the sector<sup>3</sup>.

Attached to the TDA response is a draft version of a matrix which segments the tertiary sector along these lines. TDA is of the view that this matrix begins the work of establishing a classification scale and could be further developed to capture the diversity in the tertiary sector and provide greater clarity about the role of VET. (Attachment 1).

TDA is also of the view that consistent with higher education protocols and taking into account the scope and composition of the Australian VET sector, there should be much clearer conditions for tertiary status as well as protocols for the vocational education and training providers in receipt of Government funds.

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<sup>3</sup> Frans van Vught 'Dealing with Diversity' Institutional classifications in higher education. L H Martin Conference 2008

It can be seen from Attachment 1 that the Australian tertiary sector is both complex and unique, evolving from our distinctive historical and cultural heritage. TDA argues that this in no way lends itself to an artificially imposed structural overlay from another country. TDA is therefore strongly of the view that recent suggestions about the value of the US community colleges model are a distraction and not at all helpful in achieving equal value and status for TAFE institutes.

***Bradley Tertiary characteristic # 2: The recognition that institutions may have a primary mission in one sector, but should still be able to offer qualifications in the other sector as under current arrangements.***

The Bradley Review uses the term ‘*entitlement*’ to refer to a student right of choice of provider as the primary means of allocating government supported higher education places. Superficially, this proposal would appear to create a more competitive, high quality and flexible system. However TDA believes that a high probability exists that they would have the opposite effect; that, in practice, the proposals will have strongly anti-competitive impact with the public universities enjoying both the advantage of self-accreditation to ‘qualification creep’ into higher VET course areas including associate degrees, associate diplomas and diplomas, and a significant time lag during which to establish themselves as preferred providers in a student entitlement system.

The Bradley Review proposes limiting the *entitlement* (and thus Commonwealth supported places) to public universities until new regulatory arrangements are in place. This excludes other providers of tertiary education indefinitely. Even though it is proposed that the Commonwealth assume responsibility for these providers within the next year (***Recommendation 43***), it will clearly not be possible to negotiate and introduce new national regulatory arrangements within this same time frame. Further uncertainty for non-universities is implied in the reference to “other approved providers”. Does this mean those currently accredited to offer higher education qualifications, or those which satisfy new and , as yet unwritten, Australian protocols and criteria?

In the same way, implementation of ***Recommendation 44*** proposals would thus mean that some, if not all of TAFE’s VET programs that are currently reasonably well-subsidised by state and territory governments may not be eligible for any government support. Certainly they would receive less support relative to university courses and become much more expensive to students.

The proposed arrangements for introducing student entitlements also negates the Bradley review’s contention that ‘*funding higher level VET qualifications through the same arrangements as higher education qualifications would ensure that student choices are not distorted by different levels of public subsidy for similar education and training depending on the sector in which it is delivered*’.(page 185).

The price of both TAFE and non-university higher education would rise even further if **Recommendation 37** is adopted. This calls for a further 25% increase in what is already a high 'loan fee' for FEE-HELP places. It is worth noting that the FEE-HELP system has not been in place long enough to assess the actual risks compared with those of 'HECS' loans but that one reason for a higher default risk is the larger loan which must be incurred by students undertaking full-fee as opposed to government supported higher education places. The risks of each will tend to equalise as and when government supported places become available to providers other than public universities. In fact one of the strengths of a universally transportable student entitlement would be the reduced average cost to students in private higher education and the reduction in risks of default for government. The mechanism should operate to reduce, not inflate loan administration costs and there is no justification for the increase proposed in **Recommendation 37**.

**Recommendation 38** is for government expenditure of \$400 million, to assist institutions in the structural adjustment required for an entitlement system commencing in 2009-10. This will further advantage universities in shaping and marketing the system before other providers become eligible to participate. Structural adjustment funding should be widened to TAFE Institutes, like the HE Endowment Fund was also widened to TAFE Institutes under EIF.

The learning entitlement proposals are also problematic in terms of quality and equity:

- The notion of 'eligibility' has little or no meaning if providers can enroll as many students as they wish, exclude any they wish and are also able to set and vary their own entry standards. The experience in the VET sector is that these, or similar practices, have led to a large number of very small for-profit training providers operating at the lowest possible cost and with little regard for quality outcomes. The imperative to keep costs to a minimum and profit at a maximum means that there is little or no interest in providing higher cost, less popular courses, regardless of the needs of the labour force and the economy. Among such providers there is an even greater reluctance evident to provide adequately for the learning needs of disadvantaged students, particularly those with disabilities or learning difficulties.

As the Bradley Review acknowledges, the student learning entitlement and the income contingent loan arrangements as these currently operate in public universities have led to major cost shifts to individual students over time but have not led to significant improvements in the participation rates of disadvantaged groups many of which remain markedly under-represented in higher education.

TDA acknowledges that Victoria is instigating through its skills reforms, student entitlement to study at higher levels. However, these changes are not yet in place and the impact of the reforms is unknown. TDA does not believe that the Review has satisfactorily demonstrated that a demand driven system will meet industry's skills needs or ensure job outcomes for graduates. Indeed a demand driven model may well have unintended consequences in creating imbalances in the labour market. While TDA supports competition and contestability it does so within the framework of its three pillars model (See p4)

TDA is of the opinion that in order to deliver on their mission TAFE institutes require some guaranteed resources and access to the range of grants, block grants programs and special purpose funds currently available to universities (P 142)

*Bradley Tertiary characteristic #3: A shared and coordinated information base and approach to anticipating future labour market needs, industry needs and demographic needs.*

One of the themes for the Review was “a higher education sector that increases labour participation and response to industry”. TDA is concerned that the centrality of industry in matters of identification of skill needs, curriculum, assessment and quality assurance is not acknowledged

TDA is of the view that there should be a separate agency for the provision of advice to the Government and that it would be inappropriate for the proposed national regulatory body to “play a coordinating role” (P190). The latter would constitute a conflict of interest.

TDA is of the view that the role of industry as a partner in achieving skilled people for national and local labour market needs has been overlooked in the Bradley Review. Moreover TDA supports Skills Australia’s perspective that “Industry engagement is generally best achieved, not at the national or even state level, but by individual training organizations (RTOs) working directly with individual enterprise”<sup>4</sup>

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<sup>4</sup> Skills Australia Discussion Paper “Future Governance of the National Vocational Education and Training System” p 9

***Bradley Tertiary characteristic #4: A capacity for the whole system to provide integrated responses to workforce needs for industries and enterprises, including those in specific localities and communities like outer metropolitan and regional areas where there is significant population growth, low levels of educational attainment and participation and uneven provision.***

A key focus of the Review is on lifting participation of students from low SES backgrounds where participation is static and the greatest opportunity for improvement exists.

TDA is of the view that TAFE institutes are well placed, especially in rural and regional areas to contribute to raising participation of disadvantaged students.

TDA argues that what is required for higher education and training provision in remote and regional areas is flexibility rather than a one size fits all such as a national regional university.

The TDA view is informed by the following factors:

- In terms of its vast network of campuses and outreach centres across Australia, TAFE has a far greater footprint in remote and regional communities than universities. TAFE has the physical presence, the community profile and the infrastructure giving it a critical, if not indispensable role to play

Students in these regions have often experienced difficulty at school and have requirements for literacy and numeracy support that would prevent their direct admission into degrees. TAFE has developed expertise in engaging with these students, especially if they are from indigenous backgrounds. Research conducted by Karmel and Nguyen (NCVER) demonstrated that VET and TAFE significantly outperform the higher education sector in terms of disadvantaged students accessing post-secondary education.<sup>1</sup>

***Bradley Tertiary characteristic #5: An efficient regulatory and accountability framework***

The Report recommends strengthening accreditation and quality assurance processes through the establishment of a national system for registration and accreditation. A single national body would be responsible for accrediting and reaccrediting all higher education providers;

conducting regular quality audits; assuming responsibility for the administration of ESOS (Recommendation 19 – 22 and 42 – 46).

The national body would need to be established via Commonwealth legislation (p120).

“The national body could incorporate the higher education accreditation functions of the states and territories and the functions of the National Audit and Registration Agency in relation to multi - jurisdiction VET providers.....The remainder of VET sector accreditation functions would be brought into the new body in a staged approach” (p 184).

TDA supports continuous improvement of the arrangements for the accreditation and quality assurance of the tertiary sector with the recognition that universities and TAFE institutes do have distinct and complementary missions

TDA supports a review of the Australian Qualifications Framework to improve its clarity and qualification descriptors and articulation and credit mechanisms across sectors.

TDA agrees with Universities Australia that higher and vocational education quality authorities remain separate for the short to medium term, suggesting that a move to the Federal structure, whilst not urgent, should eventually occur. TDA’s major concern in this regard would be that quality of VET programs is not diluted via a federal system – a risk that is critical given the number of VET providers operating in Australia and the great disparity between the size and scope of operations of those providers.

## *Bradley Tertiary characteristic #6: Clearer and stronger pathways between the sectors in both directions.*

TDA supports the Reviews position on strengthening pathways between the sectors.

TDA is of the view that greater social mobility is achieved through education programs having multiple entry points and transfer arrangements. While the Report acknowledges that VET should not be seen primarily as a pathway to universities, there is scope for strengthening this pathway.

TDA believes that Government should streamline the bewildering array of individual credit transfer arrangements that can hamper students with VET qualifications upgrading to degree level qualifications.

It is important that individuals who have gained diplomas and advanced diplomas have increased opportunities for continuing in higher education programs if they choose to do so.

The structure of diplomas and advanced diplomas, as defined in Training Packages, needs to be reviewed to ensure that opportunities for credit transfer and articulation into higher education programs is maximised.

Because there is a blurring of the boundaries (around Diplomas/Advanced Diplomas) between TAFE institutes and universities there is potential for productive collaboration across the cultures for the development of new pathways and new qualifications structures that include the best of higher education and TAFE.

Successful collaborative arrangements have been put in place by some universities with TAFE institutes.

- Example 1: the Federal Government has supported the long term efforts of Deakin University in Victoria to provide pathways for students into higher education. Deakin's commitment to working across education sectors is evidenced by the fact that it gained by far the largest individual grant under the Commonwealth's Diversity and Structural Adjustment Fund in late 2008. Deakin, in collaboration with three TAFE institutes, will offer a two year Associate degree leading to employment or further study for people underrepresented in higher

education. Deakin University does not see cultural or pedagogical differences between the sectors as insurmountable obstacles.

- Example 2: Barbara Cram's research for the University of Canberra documents a stepped up pace in developing articulation pathways that lead to dual sector awards and linked single-sector awards. Over 180 articulation arrangements at the University of Canberra are available to students at Canberra Institute of Technology, with 66 arrangements added since 2005. Such arrangements will be facilitated by the current NQC project to deliver common terminology

On the other hand, the record of some other universities in promoting credit transfer for TAFE students has been poor.

VET has a set of national qualifications, in contrast to universities with their individual qualifications. Credit transfer therefore cannot be systematic unless we redesign that part of the system.

TAFE, operating at a lower cost than universities, may well offer a more realistic range of appropriate courses for disadvantaged students than universities

Particularly in recent times TAFE institutes have forged partnerships with universities to facilitate pathways for students. For universities and TAFE institutes to share infrastructure makes enormous sense in regional areas Three current approaches by TAFE institutes are illustrative – third party access and joint facilities expansion at regional TAFE campuses; TAFE institutes and universities jointly delivering dual sector qualifications where TAFE Diplomas and Advanced Diplomas are embedded in bachelor degrees; and multi partner approaches.

A sensible approach could be to streamline. That is, groups of universities could establish equivalence across similar industry courses to facilitate TAFE institutes making credit transfer arrangements with a group of universities rather than individual arrangements. This streamlining would need to be facilitated by financial incentives/levers. Such arrangements would reflect a customer service principle.

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