



***DRIVING INNOVATION, FAIRNESS  
AND  
APPLIED LEARNING  
IN  
AUSTRALIAN  
HIGHER EDUCATION***

TDA SUBMISSION  
TO THE  
DEPARTMENT OF EDUCATION AND TRAINING  
DISCUSSION PAPER

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TAFE Directors Australia  
National secretariat  
Sydney

## Executive Summary

This submission by TAFE Directors Australia (TDA) responds to the Commonwealth's higher education Discussion Paper, *Driving innovation, fairness and excellence in Australian higher education*, released with the Federal Budget in May 2016.

TDA's submission was developed through consultation with TDA members from TAFE higher education providers (HEPs) and dual sector universities. It includes references to a benchmarking study commissioned by TDA in early 2016 which examined policy settings for non-university providers in six OECD countries.

Throughout this submission, TDA calls for greater recognition and support of non-university providers in Commonwealth higher education policy and funding reform. Our TAFE HEPs are critical to increasing diversity, equity and financial stability in the higher education system and, most importantly, to improving outcomes for students and industry, as other countries have done.

While TDA understands and acknowledges that fiscal sustainability of tertiary education is a high priority for the Commonwealth, and the current system requires significant change, we call for a broader debate about the future of the postcompulsory education sector. To date, too much rhetoric in the sector has focused on the status quo of universities. Not enough attention has been given to the importance of TAFE's applied higher education model to Australia's future workforce development.

Australia needs a more integrated tertiary education sector that accelerates pathways between vocational and higher education, brings wider opportunities for equity students and motivates providers with close links with the labour market. The underlying principles driving reform should be equity for higher education students, financial sustainability and a system that will future-proof our workforce and communities.

The current higher education policy and funding settings are deeply inequitable for the students of TAFE and other non-university providers – both in recognising their role in the sector and in the allocation of resources.

There is an immediate and necessary role for TAFE HEPs in tertiary education in lifting participation, workforce productivity and innovation in enterprises if Australia gets post-compulsory education policy settings right. It is time to focus the reform debate on how our tertiary education system can promote genuine diversity, collaboration, equity and excellence to meet the needs of students, industries, communities and governments and Australia's prosperity into the future.

### **TDA Recommendations:**

1. That reform to Australia's higher education system supports the creation of an integrated tertiary education sector that better supports student and provider diversity, meets Australia's workforce needs and promotes student global mobility into the future.
2. That TAFE and not-for profit non-university HEPs are provided priority in the expansion of Commonwealth Supported Places (CSPs) at the same rate and on the same basis as universities, with immediate access in skills shortage areas and fields of state and national priority.
3. That a new category in the Provider Standards is nominated for TAFE and not-for-profit HEPs to acknowledge their roles in an integrated tertiary education sector.
4. In an environment of fiscal constraint, that the expansion of CSP funding to sub-bachelor qualifications is subject to further review to fully scope the impact of any expansion on the sub-bachelor market and the benefits for students.
5. That subsidised postgraduate places are reallocated on a transparent and consistent basis to TAFE HEPs and private not-for-profit HEPs according to principles driven by equity, economic and academic need.
6. Subject to financial availability, that higher education equity targets and equity support schemes are expanded to TAFE HEPs at the same rate and on the same basis as universities to support increased participation, retention and completion by people from disadvantaged backgrounds.
7. That regional TAFEs are granted infrastructure funds to support higher education provision in regional and outer metropolitan communities through partnerships with TAFE HEPs and/or regional universities.
8. As with undergraduate higher education funding, that a proportion of research funding is allocated to TAFE HEPs to accelerate applied research. This is based on successful international models including the applied research models operating in Canada and New Zealand.
9. That the Quality Indicators for Learning and Teaching (QILT) website is expanded to provide broader information for students and providers with input from the network of providers that work within QILT.
10. That any changes to higher education funding are fair and equitable for all higher education students within budget constraints. A modest loan fee applied to all HELP loan recipients would remove inequities for non-university student borrowers and assist future sustainability of the HELP scheme.

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## Introduction

TAFE Directors Australia (TDA) welcomes this opportunity to respond to the Commonwealth Government's Discussion Paper, *Driving Innovation, Fairness and Excellence in Australian Higher Education*.

TDA operates a National Secretariat in Sydney, and enjoys full membership of all 45 TAFE Institutes in states and territories, including six dual sector universities and the eleven TAFE institutes currently registered as Higher Education Providers (HEPs).

The emergence of the TAFE HEP brand in Australia signals increasing diversity in the higher education sector and demand by students for more inclusive and applied models of provision. Importantly, higher education in TAFE aligns with state and territory economic plans to increase workforce participation and address skill shortages in local economies.

TDA commissioned two research reports in preparation for this submission:

1. A detailed analysis of Total VET Activity 2014 data, by the National Centre for Vocational Education Research (NCVER).
2. A benchmarking of policy and funding settings for non-university higher education providers in Canada, the United States, England, New Zealand and Singapore by Emeritus Professor Dr Anne Jones, formerly Vice Chancellor Teaching and Learning at Victoria University.

The NCVER study found that TAFE has retained 63 per cent market share in the Fields of Education in which states and territories fund VET training places. In addition, the NCVER analysis illustrates TAFE's ability to cater for students from low socio-economic and other equity backgrounds and mature aged students wishing to continue their education. More than half of TAFE higher education students are over 25 years of age.

In addition, completions and employability rates are higher for TAFE students than those from other providers and many choose pathways beyond vocational education and training (VET) programs to higher education in TAFE (and often into universities although this transition does not show in Commonwealth data). Most importantly, employment outcomes for TAFE graduates are significantly higher than for private colleges.

The benchmarking study undertaken by Dr Anne Jones shows how innovative reforms of postcompulsory education systems in other countries have led to successful diversity in the types of providers and improved outcomes for students and employers. The study highlights the importance of integrating vocational and higher education into one tertiary sector that is inclusive of all HEPs and students, provides clear pathways between sectors and values applied and work-based models of delivery that meet the needs of non-traditional students. The study concludes that Australia may be placed at a competitive disadvantage if similar reforms are not adopted.

This submission to the Commonwealth's Discussion Paper received feedback from members of the TAFE Higher Education Network, which has representation from all eleven TAFE HEPs. The TAFE HEPs have expanded their higher education profile at considerable cost in order to meet state and territory plans for skills development through specialised and applied higher

education qualifications. Unlike universities and most private colleges, many of their higher education students are mature aged, working and studying part time.

Our submission also draws on a consultation workshop with TDA HE members held recently in Melbourne (July 2016) to discuss how TAFE's emerging and unique role in lifting participation in higher education and in stimulating workforce productivity and economic and social prosperity in regional communities can be strengthened.

TDA submits there are special circumstances that require attention by the incoming Turnbull government under the review of higher education. The demographics of our students and strengths in our *applied degree model* underpin the case for a distinctive role and mission for TAFE HEPs and greater equity in tertiary education funding as a national priority.

### **TDA's response to the Commonwealth's Discussion Paper**

TDA fully supports the Commonwealth government's objective for a quality, financially sustainable higher education system.

TDA agrees that a priority for the Commonwealth is that higher education is linked to national productivity and the social and cultural life of the nation, satisfying the workforce plans in state and territory jurisdictions while achieving a wider goal of the contribution of knowledge for a civil society. However, we flag three important qualifications to our response to the matters for finalisation questions posed in the Discussion Paper.

#### ***First, our TAFE HEPs question the premises on which the questions are framed.***

Shaping future higher education reform through the narrow prism of refining an outdated funding model will not, we argue, meet the future needs of Australian students, industries, communities and economies. We need to systematically review the relevance of the current higher education model to students and industries now and into future.

#### ***Second, the current model, premised largely on a paradigm of school leavers entering university, is neither flexible nor forward looking enough to meet Australia's future social and economic demands.***

Policy makers need to recall that only 40% of school leavers proceed to university. The remaining 60% transition into other tertiary institutions or the labour market or unemployment. On this topic, we refer to Jennifer Westacott, CEO of Business Skills Australia, who recently commented,

*We are moving from an environment characterised by qualifications, awards and jobs to an environment characterised by skills, capabilities and tasks...a world where innovation and creativity will be the difference between success and failure – for companies, for governments, for individuals and for educational institutions...If we expect people to retrain over their working lives, we can't expect or afford them to leave the workforce to do it (Westacott, 2014).*

According to Ms Westcott, developing people to their full potential will be the 'absolute game changer' in keeping countries 'productive, competitive and prosperous'.

While the proportion of working age Australians with a bachelor degree or higher has tripled since 1989 (Commonwealth of Australia, 2016) and overall labour force participation rates have increased, official data shows that the number of working aged Australians with a post-school qualification remains lower than many competitor countries (BCA, 2016). Worse, these factors are directly related to stalled levels of productivity in Australia and, with a rising infrastructure spend by the Commonwealth and states and territories, there is increasing reliance on skilled 457 visa labour, instead of giving due attention to the development of domestic skills.

***Third, we raise equity as a key issue to this review of Australian higher education.***

Many of the school leavers who don't go to university, Australians already in work, and students from indigenous and disadvantaged backgrounds have a dramatically reduced opportunity to develop to their full potential through higher qualifications under the current funding regime. These students, some of whom are TAFE HEP students, face discriminatory treatment in regard to access to government subsidies, charges and fees.

TDA has long argued for equity in funding for TAFE higher education students and a level playing field for non-university providers. One principle that has guided our view that all quality public and private HEPs students should be equitably recognised, supported and funded in Australia's tertiary education sector. However, to address the Government's fiscal concerns, we recommend that the demand driven system be expanded on a progressive basis to TAFE and not-for-profit non-university undergraduate and post-graduate students, at the same rate and conditions as universities as an interim arrangement. Expansion of CSP funding to the sub-bachelor market requires further analysis.

**Key policy issues for a more transparent higher education sector**

TAFE Directors call for:

- A new and more transparent model for Australia's post-compulsory education sector. We believe that changes outlined in this submission will strengthen TAFE's unique role in higher education. The minor re-structuring proposed will entail transitioning the current obstructive binary system of VET and higher education into one integrated sector that works together for the benefit of students, business and industry, communities and regional economic development.
- Greater transparency under the Australian Higher Education Provider Standards between the (TAFE) and not-for-profit non-university providers and 'for profit' colleges registered as Australian HEPs. Total VET Activity data overwhelmingly confirms that the market segments serviced by for-profit HEPs rarely align with state and territory economic plans and strategies as per TAFE HEP delivery.
- Equity for our students in the allocation of government subsidies and other funding opportunities and student loan fees and conditions.

The following submission is structured in two sections:

1. A background to higher education in TAFE; and
2. TDA's response to the matters for finalisation posed in the Commonwealth's Discussion Paper.

## 1. Why higher education in TAFE?

More than five million (40%) current Australian jobs are at risk of disappearing in the next 10 to 15 years (CEDA, 2015) due to industry restructuring, the shift in global economic activity to Asia, rapid advances in technologies and the rise of the peer-to-peer economy and platform economics. As jobs become more complex, and lower skilled jobs are automated or sent offshore, the level of the skills required to enter and remain in the workforce will rise (Hajkowicz et al. 2016). In this environment, companies will source the highest skilled labour from wherever they can get it (Westcott, 2014), including people with digital literacy, critical thinking and creativity skills who are increasingly available in the international labour market.

The clear consequence of this economic restructuring is that more post compulsory school education will involve upskilling and re-skilling the existing workforce than educating school leavers and workers will require very different learning programs to younger students (Reeson et al., 2016). Demands for higher skills will span the Australian Qualifications Framework (AQF) spectrum from higher VET and sub-bachelor qualifications to undergraduate and post graduate levels and will require more flexibility in delivery models and types of qualifications provided.

Traditional bachelor qualifications and delivery structures have not provided this flexibility. The lack of exit points which prevent students from receiving certification for partial course completion (Harvey and Szalkowicz, 2016). This is a significant equity issue given that dropout rates in higher education are high (Hare, 2015), and students from underrepresented groups are disproportionately more likely to withdraw. Inflexible undergraduate qualifications also impede credit transfer arrangements between institutions for students seeking pathways from VET and sub-bachelor programs in TAFE to universities. While a number of successful and long standing partnership models between TAFE and universities exist, articulation arrangements have sometimes been problematic for TAFE institutes and their students.

### 1.1 Differentiated models of teaching and learning

Articulation pathways within dual sector universities and TAFE HEPs provide seamless and flexible pathways in environment closely linked to work and the labour market. In both types of institutions, students can enrol in a certificate level qualification in VET and proceed to a diploma, advanced diploma and bachelor degree or higher with exit points offered in case they choose to leave and return to study at a later stage of their career (Harvey and Szalkowicz, 2016). These qualifications are delivered in an applied model of learning, provide support for students to transition to higher education and focus on the capabilities graduates need for work into the future.

TAFE's flexible and applied models of higher education have been well received by students and by industries seeking higher skilled, work-ready graduates. The scope of delivery in TAFE is important to note. The eleven TAFE HEPs across Australia now deliver over 140 specialised, applied and work-focused qualifications to over 5,500 students nationally from Higher Education Diplomas and Associate Degrees to Bachelor and now six Masters Degrees. While this number is very small in comparison with private HEPs and universities, there are

in addition large numbers of TAFE students studying higher education subjects and/or programs delivered by TAFE in partnership with universities.

TAFE's work-focused and applied model of higher education provision is increasingly important for students seeking alternative pathways to higher qualifications and employment. This model has been especially welcomed by technological and specialist sectors of the economy (such as health services, tourism and hospitality management, software and telecommunications, film and multi-media industries). TAFE HEPs offer this model across the AQF spectrum (to masters level) for workers, school leavers and students from underrepresented groups, including those from regional and remote locations who are unable to access universities.

Students who study higher education in TAFE are often mature aged, are working, have transitioned through VET to higher education in TAFE (up to 60% or more of students in some TAFE HEPs), are from low socio-economic and other disadvantaged backgrounds and are often first in family to enrol in a degree. The students prefer more applied approaches to learning and often require individualised support to transition to higher academic study. Many find it difficult to 'fit into' traditional higher education environments and adjust from the competency based approach of VET to academic study. What attracts them to TAFE is the applied 'hands on' models of teaching and learning, the availability of learning pathways with ongoing academic support, the small class sizes and close relationships with staff and the close links with employers and opportunities for work. University based undergraduate higher education is not necessarily the best solution for these learners.

Many universities and, increasingly TAFE HEPs, are providing pathways into higher education postgraduate for talented existing workers with substantial skills and experience. As TAFE HEPs are embedded within local communities and have long standing relationships with employers, they understand their skill needs and work closely with industry to develop qualifications to address them. As one TDA member stated at the July consultation, '*our higher education qualifications start with industry and end with industry*'. The eastern Australian states and territories in particular have recognised this strength and supported the development of higher education in TAFE to meet economic plans and changing skill needs.

Distinctive applied 'practice to theory' pedagogies are embedded in TAFE expertise. They relate learning directly to the workplace and develop critical thinking and other capabilities that underpin emerging economies such as innovation and entrepreneurship. This model of higher education is not the strength of universities, as Wolf (2015: 74) explains.

*First, [universities] are self-contained and separate from the workplace. They cannot, for either financial or practical reasons, possibly keep up with all the changes which take place in a fast-developing industry... In addition, because they are separate, their instruction takes place in environments which are not like the workplace...Second, university teachers, however 'vocational' their speciality, are making their careers as academics and researchers, not as practitioners of whatever profession, trade or calling they teach.*

Satisfaction with TAFE's applied model of higher education among students is high. The majority of students who responded to TDA's 2014 survey:

- Believe that TAFE higher education courses are a good alternative to university;
- Value the applied nature of teaching and learning and academic support;
- Are highly satisfied with the teaching and the relevance of their learning to work; but
- Find it difficult to balance study and work without financial assistance.

High levels of satisfaction accord with the *2015 Student Experience Survey National Report* which found that non-university higher education institutions (NUHEIs) generally matched or exceeded university providers on four of five focus areas (Figure 1).

	Focus areas					Questionnaire item
	Skills Development	Learner Engagement	Teaching Quality	Student Support	Learning Resources	Quality of entire educational experience
NUHEIs	83	61	83	76	74	78
Universities	81	60	82	72	86	80
All institutions	81	60	82	72	86	80

Figure 1: Overall satisfaction with the student experience (Department of Education and Training, 2016, pg. 18).

International students are also attracted to TAFE’s applied models of higher education. While numbers are currently small, there is increasing interest from international governments and public colleges, institutes and polytechnics for student mobility agreements with TAFE HEPs, similar to those in the university sector. With access to global mobility funding, growth in international students can contribute to the expansion of Australia’s education export income and the achievement of the Commonwealth’s National Strategy for International Education 2025.

## 1.2 International models of non-university higher education provision

While higher education in TAFE is relatively new in Australia, the trend for provision by public non-university HEPs in other major OECD countries is well established. In preparation for this submission TDA commissioned Emeritus Professor Anne Jones, formerly Vice Chancellor Teaching and Learning, Victoria University, to investigate policy and funding for non-university HEPS in five OECD countries: Canada, New Zealand, the United States, Singapore and England. The final report highlights a number of important international trends in these economies and gaps in Australia’s stalled higher education reforms. For instance, the:

- Availability of government funding for degree delivery by non-university providers in New Zealand, the United States and Canada;
- *Applied Degree* models that offer workplace-based learning and other pedagogical practices to meet the needs of non-traditional degree students;
- Qualification pathways that provide worthwhile block credit from sub-degree qualifications, including diplomas, into degrees;
- Policy settings that demand consistent teaching and research standards for all HEPs such as New Zealand and, soon, in the UK;

- Inclusive language for the postsecondary sector which promotes coherent tertiary education policy and parity of esteem for all providers (New Zealand and Singapore);
- Availability of higher level VET qualifications which offer reciprocal pathways from higher education;
- Short cycle sub-degree qualifications that offer sound foundations for employment, such as the well-established associate degrees in Canada and the United States, and the two-year Foundation and apprenticeship degrees in England;
- Acknowledgement that, as students from disadvantaged backgrounds often choose non-university HEPs, these institutions play a pivotal role in supporting access to education, better employment and extended citizenship experiences;
- The importance of a culture of research and scholarship in non-university HEPs. When funding is provided for applied research in partnerships with industry, there are markedly improved outcomes for students and transformation of institutions.

In addition to the countries reported in this study, Australia's largest trading partner China has encouraged 600 of its 2,000 universities to transition into applied technology or polytechnic universities to address concerns about rising unemployment rates for university graduates. An Austrade commissioned report by TDA in 2015 found that TAFE institutes had 91 active partnerships in China for the provision of Diploma programs in English to approximately 42,500 students. The distinct attraction of these programs for Chinese students is enhanced opportunities for employment.

Given China is Australia's largest client in international education markets, TDA submits that greater institutional alignment between applied models of tertiary education with China (and other countries) is increasingly important for Australia's inbound and offshore student markets and provision of education services, global mobility for Australian students and deeper collaboration with other countries in research and business partnerships.

**TDA Recommendation 1:**

**That reform to Australia's higher education system supports the creation of an integrated tertiary education sector that better supports student and provider diversity, meets Australia's workforce needs and promotes student global mobility into the future.**

## **2. Matters for finalisation: TDA Response and recommendations**

### **2.1 Opportunity and Choice**

This section responds to the matters for finalisation in the Discussion Paper regarding the expansion of the demand driven system beyond bachelor courses at public universities.

#### **2.1.1 The best options for students**

In terms of student opportunity and choice, the major issue for TAFE HEPs is that most of their students are denied access to Commonwealth subsidies (Commonwealth Supported Place (CSP) funding). Only two TAFE Institutes in Victoria currently receive a small allocation of CSP funding in the fields of nursing and early childhood education. This means that the majority of students studying in TAFE HEPs pay full fees. This allocation of subsidies is highly inequitable given that a significant portion of students at TAFE HEPs come from low socio-economic and other disadvantaged backgrounds.

Further, these students are also charged fees (up to 25%) on student loans under the FEE-HELP scheme which are not applied to loans for university students. This disadvantages many thousands of students studying at TAFE and other non-university providers and serves as a disincentive for students from low socio-economic backgrounds. We return to this inequity later in this submission.

For the TAFE HEPs, higher education is expensive to establish and deliver. It is costly to establish and maintain: curriculum development, the unique applied nature of delivery; simulated work environments and technical facilities to industry standard; low student to teacher ratios; essential resources such as library collections; and extended learning support. Further, finding extra funds to employ and develop specialised staff, develop a culture of scholarship and implement higher education governance and compliance systems in challenging fiscal environments has made it difficult for TAFE HEPs to compete with well-resourced providers in competitive higher education markets.

In Victoria, the state with the largest share of TAFE higher education delivery, the cost of some TAFE degrees has risen as a result of changes to State fees and funding policy which has made it difficult to defray part of the cost of a degree by gaining credit for a state funded VET diploma or advanced diploma.

In a policy environment of fiscal constraint, TDA calls for a higher education funding model that promotes genuine student choice by allocating government subsidies (CSPs) on a progressive basis to TAFE and not-for profit HEPs. We advocate that this allocation is made at a rate and on a basis consistent with that of universities (not the 70% rate proposed in earlier reforms), according to specified quality and other criteria. This will expand the current protectionist model that preserves subsidies mostly for university students and generate the diversity and specialisation across the sector called for in the Discussion Paper. It will also diminish the potential for student decisions to be swayed by funding availability, encouraging them instead to choose the course and provider type that best suits their needs.

This is currently a significant issue for TAFE HEPs as students are lured to university part way through their studies by government subsidises.

**TDA Recommendation 2:**

**That TAFE and not-for profit non-university HEPs are provided priority in the expansion of Commonwealth Supported Places (CSPs) at the same rate and on the same basis as universities, with immediate access in skills shortage areas and fields of state and national priority.**

***Provider Categories***

The Australian Higher Education Standards currently provide six categories for HEPs which can seek approval within a particular provider category under subsection 18(1) of the Tertiary Education Quality and Standards Agency Act 2011. The categories are:

1. Australian University
2. Australian University College
3. Australian University of Specialisation
4. Overseas University
5. Overseas University of Specialisation
6. Higher Education Provider.

The vast range of public, for-profit and not-for-profit non-university HEPs are currently broadly characterised together as 'Higher Education Providers'. TDA submits that there is inadequate transparency in this category to account for this diversity. Greater transparency would benefit students, industry, government and non-university HEPs by clarifying the role of TAFE and not-for-profit providers and the type of delivery and qualifications they offer.

The misappropriation of government funds by some high-risk VET providers under the expansion of the VET FEE-HELP program heralds the need for caution in expanding CSP funding to all non-university HEPs. As played out in the VET sector, evidence showing the risk of abuse of government funds by for-profit providers has resulted in extremely adverse outcomes for students, the taxpayer and the sector's reputation, nationally and internationally.

A more defined provider category for TAFE and not-for-profit non-university HEPs would require registration with TEQSA according to specific quality criteria and/or areas of identified state and national priority. The expansion of CSPs for bachelor degrees could be limited to providers approved under the new category as an interim arrangement to address the Commonwealth's fiscal concerns. TDA argues that this is more likely to deliver increased choice and access for students while containing the cost of expansion and maintaining the quality of the sector. Further expansion of the demand driven system is then possible based on the outcomes for students, government and the taxpayer.

**TDA Recommendation 3:**

**That a new category in the Provider Standards is nominated for TAFE and not-for-profit HEPs to acknowledge their roles in an integrated tertiary education sector.**

The second major concern for TAFE is the expansion of the demand driven system to sub bachelor courses at public universities only. The uncapping of CSPs in universities has already impacted adversely on enrolments in TAFE Diplomas, Advanced Diplomas and apprenticeships, yet we still experience skills shortages in highly skilled and high paying

technical jobs in sectors such as electro-technology. We also have high percentages of TAFE students following pathways from Diploma, Advanced Diploma and Associate Degree to Bachelor and higher qualifications in TAFE who are currently not funded by State and Territory Governments, or by the Commonwealth under current policy settings, except for the VET FEE-HELP loan scheme.

This not only significantly impedes pathways for these students; it places TAFE HEPs at a distinct disadvantage in competitive VET and higher education markets. Students will opt to study a subsidised Bachelor level qualification at a university instead of a full-fee paying course at a non-university provider, as pointed out in the Discussion Paper. This can lead to individuals dropping out or taking an extended period of time to complete their qualification if they are not ready or suited to a university environment. Improving access to sub-bachelor programs in TAFE through funding will address this inequity and strengthen opportunities for the type of students that TAFE attracts. Moodie's (2012) analysis of the rates at which students transition from VET to higher education indicated that TAFE institutes, out of all non-university HEPs in his study, admitted students into higher education on the basis of prior VET studies at rates approaching those of the highest performing universities (Moodie, 2012).

However, TDA cautions that any expansion of the demand driven system to sub-bachelor qualifications that are available in both the VET and higher education sectors should be considered only after considerable investigation into structural adjustment issues, potential impact on higher VET qualifications and the establishment of criteria for access by providers. Uncapping the sub-degree market only for public universities will fuel growth by these universities and put at grave risk the applied and work-focused nature of sub-bachelor qualifications in TAFE, the diversity in providers emerging in the sector and the opportunities for students that this diversity brings. These are very important applied pathways for students who are working and/or may not have access to, or are not yet ready for university. As the Discussion Paper notes,

*Institutions must be able to enrol students in courses that are appropriate to their aspirations and preparedness, which maximise the likelihood of completion and can allow for progression to other qualifications if desired (Commonwealth of Australia, 2016).*

TDA believes that an investigation of potential impact on higher VET qualifications must include close consultation with professional bodies and industry so that their perspectives are fully accounted for when considering extending the demand driven system to sub-bachelor qualifications. What industry requires from graduates, and how different kinds of providers meet industry expectations, is a key consideration in funding model design.

**TDA Recommendation 4:**

**In an environment of fiscal constraint, that the expansion of CSP funding to sub-bachelor qualifications is subject to further review to fully scope the impact of any expansion on the sub-bachelor market and the benefits for students.**

### 2.1.2 Postgraduate places to support innovation and skills deepening

TAFE HEPs currently deliver small numbers of postgraduate qualifications including Graduate Certificates, Graduate Diplomas and Master Degree programs. However, we see this market as increasingly important as more bachelor qualified workers seek to develop higher skills through flexible and applied models of higher education. This is already the case in TAFE in the fields of construction and information and communication technologies and health service industries. Given the shortages of higher skills in Australia, the availability of post-graduate programs that are flexible and typically shorter in duration than undergraduate qualifications will become more pressing for workers into the future.

It is difficult for TAFE to compete in the postgraduate market given the disparity in funding, difficulties in guaranteeing TAFE graduates a post graduate place in a university, and the strong brand of universities. Students are lured away from TAFE to continue their postgraduate studies at universities which impacts negatively on TAFE attrition rates, the brand of TAFE HEPs and the financial viability of higher education programs. TDA calls for more transparent allocation of subsidised postgraduate places at a rate and basis consistent with universities, within budget constraints.

This call also applies to the allocation of additional places for skills deepening (such as STEM) so that all students have the opportunity to continue into postgraduate study regardless of their social and economic circumstances. The criteria for access to Commonwealth support for postgraduate courses could include courses that have significant community benefit where private benefits may be more limited, industries experiencing shortages of higher technical skills and students from equity backgrounds.

#### **TDA Recommendation 5:**

**That subsidised postgraduate places are reallocated on a transparent and consistent basis to TAFE HEPs and private not-for-profit HEPs according to principles driven by equity, economic and academic need.**

## 2.2 Fairness and Equity

### 2.2.1 Improving support for disadvantaged students

The principles of equity and access in education sit at the core of TAFE and underpin all our education delivery. TAFE institutes have mandates legislated by state and territory governments to support students from disadvantaged socio-economic groups to succeed in the labour market and/or further education. TAFE institutes are also required, through this legislation, to provide VET that is responsive to the needs of labour market, including local employers and industries, and state and territory government's economic development priorities. They often do the work that other providers don't want or unable to do.

Significant numbers of students studying higher education in TAFE come from disadvantaged and other underrepresented backgrounds and have entered higher education programs with a low ATAR score or without one altogether. Once accepted into our programs, they are supported via individualised learning programs, English language support, small class sizes with access to teachers and academic coaching, especially in their first year of study. If students are not ready for higher education, they can be channelled into VET pathways

and/or transition programs. In this environment, these students can excel academically as case studies published by TDA attest (TDA, 2013).

However, the cost of maintaining ongoing and individualised academic support for students in TAFE is high. Further, the Federal Government's equity priorities for universities aimed at increasing participation by people from disadvantaged backgrounds do not apply to TAFE HEPs. Nor do TAFE HEPs or their students have access to Commonwealth funding programs that support increased participation, such as the *Higher Education Participation and Partnerships Program (HEPP)* and the *Higher Education Disability Support Program*. This means targets for degree attainment and low SES participation in higher education are only supported financially through the university system.

Given the importance of increased participation by equity groups, the extension of equity targets to TAFE HEPs with the appropriate funding to support their achievement in the same way universities are funded, would encourage greater progression of low SES and other and other underrepresented groups.

**TDA Recommendation 6:**

**Subject to financial availability, that higher education equity targets and equity support schemes are expanded to TAFE HEPs at the same rate and on the same basis as universities to support increased participation, retention and completion by people from disadvantaged backgrounds.**

### 2.2.2 Supporting the regional presence of universities

While data show that participation by people in universities from disadvantaged groups has improved over the past six years, participation by students from regional and remote areas has decreased (Frawley et al, 2015). TDA agrees that raising regional participation rates is important to local communities and economies, but we question the need for additional infrastructure funds or loan facilities for regional and outer metropolitan universities when there is already a viable network of TAFEs and TAFE/university partnerships across Australia that can assist in meeting this need.

***TDA Case Studies: Regional partnerships***

*TAFE already delivers higher VET and higher education qualifications either in their own right or in partnerships with universities. TAFE has a physical and/or online presence in many regional and remote communities to service higher skill needs in these regions. For example, TAFE NSW is delivering a Bachelor in Early Childhood Education in the Illawarra and Hunter regions of NSW using existing TAFE facilities.*

*The Western TAFE Institute is offering a Bachelor of Social Work for Charles Sturt University in the Dubbo region in a program that integrates VET and higher education qualifications and Hunter TAFE is offering the Bachelor of Applied Science (Nautical Science) for the University of Tasmania and the Australian Maritime College.*

*GOTAFE, a regional TAFE embedded in north-east Victoria, provides pathways from VET to higher education through partnerships with the University Of Melbourne, La Trobe University, Charles Sturt University and Federation University. Each partnership has a different block credit model according to specific qualification and learner requirements. Like many regional areas in Australia, this area of Victoria has pockets of high youth employment and social disadvantage. The provision of pathway programs means that students living in these regions do not have to travel or move to a capital city if they wish to continue their studies. Local businesses economies and communities benefit as a result. TAFE Queensland delivers a number of bachelor degrees in partnership with the University of Canberra and Federation University in addition to two higher education qualifications of its own with potential to expand into regional areas using TAFE's extensive infrastructure across Queensland.*

TAFE brings to these partnerships: significant delivery of VET qualifications across a range of industry disciplines; the physical infrastructure of classrooms and online learning technologies; knowledge of local enterprises, communities and labour market needs; and experience in attracting and supporting local students. They also bring technical facilities, industry specialists and other resources to mutually beneficial collaborations which, 'may go some way to improving choice and access for prospective students in regional areas as well as strengthening the viability of provision' (Kwong Lee Dow, 2009) and improve workforce productivity and economic growth.

It makes good economic sense to upgrade the facilities and infrastructure of TAFE for higher education provision in remote, regional and outer metropolitan locations, either in partnership with TAFE HEPs and/or universities. This approach is even more important in thin regional markets where demand may not warrant investment in new infrastructure. It also supports the Commonwealth's call for,

*...new partnerships between TAFEs and higher education providers' that produce new, fertile frontiers for delivery including new 'mediums of learning' (Commonwealth of Australia, 2016: 7).*

**TDA Recommendation 7:**

**That regional TAFEs are granted infrastructure funds to support higher education provision in regional and outer metropolitan communities through partnerships with TAFE HEPs and/or regional universities.**

## **2.3 Excellence and Quality**

### **2.3.1 Flexibility to innovate**

TDA supports the Government's commitment to providing additional flexibility for HEPs to innovate, differentiate themselves and offer students more choice and quality offerings. We question however, why this proposed policy reform is limited to Flagship Courses in public universities only. While we understand the constraints on the budget, and that these

courses may contribute to greater differentiation for students, these benefits will only be available to students with sufficient resources to afford them. Students without the resources and those attending non-university students will be excluded.

Caution is required to ensure that the principles of equity and access are not compromised under this reform as students are deterred by increased cost and prestige of university. The monitoring of course costs by the ACCC on a regular basis would assist in this regard if the proposed reform is implemented.

### **Stimulating innovation and excellence in TAFE HEPs**

TDA calls for reform that stimulates innovation with benefits of all students and industry partners; one that builds on the trend emerging in TAFE for industry-based applied research projects undertaken by students as part of their higher education studies. These activities take place in existing TAFE-industry partnerships and underpin innovation in local economies and TAFE's applied teaching and learning model.

#### ***TDA Case Studies: Applied Research and Innovation***

*An Innovation and Applied Research Roundtable, held by TDA in early 2016 in collaboration with LH Martin Institute at the University of Melbourne, demonstrated the benefits of applied research in TAFE for industries, students, institutes and small to medium enterprises, particularly when incorporated into teaching and learning practices.*

*Successful applied research models have been established in TAFE such as the 'Redspace: Centre for Applied Research and Innovation' in TAFE Queensland which facilitates educators, industry experts and students working together to tackle industry problems. These day to day problems are often overlooked by universities and established research bodies and can have outstanding results for students and opportunities for commercialisation for enterprises.*

*The Mechanical Engineering Centre of Excellence at TAFE NSW and TAFE SA's Mining and Petroleum Services Centre of Excellence are excellent examples of public/private sector cooperation to support innovation in specific industry sectors. A new partnership between Melbourne's Holmesglen and private healthcare provider Healthscope is creating a health education precinct to leverage 'cutting edge' health and education facilities for educational pathways and applied research activities.*

As TAFE HEPs develop their applied research capability, they are increasingly positioned to support the Commonwealth's workforce productivity and innovation agendas and to expand applied research activities to many thousands of enterprises and students across Australia. To date, the National Innovation and Science Agenda (NISA) has focused on university research. Government policies such as the NISA overlook this potential by assuming universities and other research bodies are the only contributors to Australia's innovation cycle. Yet, many innovators, entrepreneurs and highly successful business people are technicians and tradespeople with VET backgrounds. A key recommendation made at the Innovation and Applied research Roundtable by the Deputy Secretary, Department of

Industry, Innovation and Science, Mr David Hazlehurst, was a broader approach to encourage applied research.

Seed funding for applied research in TAFE would accelerate the development of graduates with capabilities for the future and foster industry engagement in research and innovation in local economies. This has been well proven in other countries. In Canada, for example, the federal government has funded applied research in community colleges and institutes for over ten years, which is now attracting equal or greater investment from private industry. There are over 100 dedicated applied research offices operating within community colleges nationally, over 5,500 private sector applied research partnerships and over 31,000 students engaging in technological or social innovation projects annually (CICAN: 2016).

**TDA Recommendation 8:**

**As with undergraduate higher education funding, that a proportion of research funding is allocated to TAFE HEPs to accelerate applied research. This is based on successful international models including the applied research models operating in Canada and New Zealand.**

### 2.3.2 More information for students

TDA fully supports the Quality Indicators for Learning and Teaching (QILT) initiative for providing better information to students and enabling TAFE HEPs to benchmark their performance with other providers. In terms of expanding the information for students, we provided the following information to the Higher Education Panel's review of tertiary admissions processes (June 2016) as being important to ensuring students have a good chance of completing higher education qualifications:

- Graduate employment outcomes including rates of employment in their chosen field, types of jobs and the skills required, potential salaries and destination data over 18 months; and
- The quality of courses including the quality of teaching and academic support, opportunities for work-integrated learning, how well the course is regarded and supported by employers/industry and what other students say about the course.

It is important to note that publishing some data such as information about student earnings might be detrimental to some providers such as those in regional areas where contextual factors might influence the outcomes (e.g. a graduate in a country town might not earn the same as a metropolitan graduate in a similar job).

**TDA Recommendation 9:**

**That the Quality Indicators for Learning and Teaching (QILT) website is expanded to provide broader information for students and providers with input from the network of providers that work within QILT.**

## 2.4 Affordability

TDA understands and acknowledges that the fiscal sustainability of the higher education sector into the future is a priority for the Commonwealth. We agree that the current system including the HELP scheme requires significant change to preserve equity of access for students while meeting the savings required for financial sustainability.

TDA has consistently called for changes that are equitable for all students. We remain concerned that our students do not receive CSP funding and are still required to pay a loan fee (25% for a FEE-HELP undergraduate loans and 20% for a VET FEE-HELP loan) when the FEE-HELP loan fee is not applied to university students. As mentioned earlier, this significantly disadvantages many thousands of TAFE higher education students, particularly students from low socio-economic backgrounds who are required to pay the additional loan fee in addition to full fees.

Changes to the HELP loan scheme should remove this inequity as a priority and retain the social purpose of an income-contingent loan system; that is to support students to study higher education, regardless of their social and economic background.

### **Recommendation 10:**

**That any changes to higher education funding are fair and equitable for all higher education students within budget constraints. A modest loan fee applied to all HELP loan recipients would remove inequities for non-university student borrowers and assist future sustainability of the HELP scheme.**

## Conclusion

TDA agrees that the current higher education system is not financially sustainable. However we question if the reforms proposed in the Commonwealth's Discussion Paper will deliver an equitable system, address perceived community concerns about rising higher education fees and costs of student loans, or deliver the graduate capabilities Australia's society and economy needs now and into the future.

Current policy and funding settings are deeply inequitable for students and in the allocation of resources for HEPs. This impacts not only on students but on the capacity of non-university HEPs to compete in competitive markets. We still have skills shortages in Australia. Yet we continue to fund massive numbers of generalist degree graduates from universities at the expense work-focused and applied tertiary qualifications offered by TAFE HEPs that are carefully aligned with industry demand, workforce needs and the needs of non-traditional students.

It is important that Australia have access to strong and distinctive public non-university higher education. It is important that the architecture of Australian tertiary education is aligned with higher education trends in the Asia-Pacific and other countries, unconstrained by uncertain and inequitable policy settings. There is an immediate and necessary role for TAFE in lifting participation rates in higher education, raising workforce productivity, boosting innovation, addressing shortages of higher skills, and supporting student mobility and growth in international education. That immediate and necessary contribution relies on the right policy settings.

As highlighted in this submission, an equitable and integrated tertiary education sector will be better placed to produce the employment, social and economic outcomes that students, families, industries, communities and governments need.

**TAFE Directors Australia**  
National Secretariat  
Sydney Institute of TAFE  
PO Box 707 Broadway NSW 2007  
Phone: +61 2 9217 3180  
Fax: +61 2 9281 7335  
Email: [memberservices@tda.edu.au](mailto:memberservices@tda.edu.au)

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