



**RESPONSE TO THE DEPARTMENT OF EDUCATION,
EMPLOYMENT AND WORKPLACE RELATIONS
STRUCTURAL ADJUSTMENT FUND DRAFT
PROGRAM GUIDELINES**

From

TAFE Directors Australia

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TAFE Directors Australia (TDA) Response to Structural Adjustment Fund (SAF) Draft Program Guidelines

Summary of recommendations

Recommendation 1: That the SAF definitions of program outcomes and value for money, as well as the evaluation criteria, be revised to place more emphasis on the requirement for structural adjustment proposals to demonstrate a capacity for improved sustainability and accessible delivery of relevant and quality assured higher education and less emphasis on the financial viability and strength of the existing 'eligible institutions'.

Recommendation 2: That the draft SAF and the HEPPP guidelines are revised to exclude structural adjustment proposals that involve expansion of Diploma and equivalent level courses which are not based on a collaborative relationship with a TAFE Institute. Also that the SAF allow for funds to be allocated for the development of non competency based curriculum frameworks to facilitate smooth transition from TAFE to university qualifications.

Recommendation 3: That applications for structural adjustment funds should be open to consortia led by, or consisting of, TAFE providers of higher education with all applications judged on their merit rather than being limited to the 'eligible institutions' as currently specified by the draft SAF guidelines.

Recommendation 4: That the Commonwealth provide additional funds to TAFE Institutes in accordance with Recommendations 1, 2 and 3 of the TDA Budget Submission 2010-2011 at a level at least sufficient to ensure their capacity for ongoing collaboration with universities in successfully implementing the Ministerial Council's objective for an interconnected and seamless Australian tertiary education sector.

Recommendation 5: That, consistent with the jointly agreed position of Universities Australia and TDA, similar tertiary courses and outcomes should be funded by the Commonwealth at the similar levels.

Recommendation 6: That the Commonwealth convene a tertiary education reform advisory group with expert knowledge from all sections of the Australian tertiary education sector.

TAFE Directors Australia (TDA) Response to Structural Adjustment Fund (SAF) Draft Program Guidelines

TAFE Directors Australia (TDA) appreciates this opportunity to comment on the draft guidelines for the disbursement and expenditure of \$400 million of Commonwealth Funding by public universities.

Context of TDA response

In November 2009, the Ministerial Council for Tertiary Education, Employment and Training agreed on key reforms and structures to improve the quality and integrity of Australia's tertiary education sector and create a stronger more inter-connected tertiary sector.¹

Thus far, however, the Commonwealth tertiary education reforms have been limited to those which can be achieved exclusively through financial grants and subsidies to established public universities. This includes the removal of caps on Commonwealth supported places, supplementary recurrent funding under HEPPP and the SAF arrangements.² Such an approach can only be regarded as fundamentally anti-competitive, based as it apparently is, on the presumption that these institutions must be protected and preserved even where this might limit the possibilities for optimising higher education opportunities for all Australians

This reform package appears to have been predicated on the assumption that the Government's overall purpose and objectives for tertiary education can be achieved solely by fostering and supplementing the operations of public universities without any need to consider or address either the potential contribution or the impact of the current reforms on other providers and clients of Australian tertiary education.

From a TAFE perspective, these reforms are likely to have a deleterious effect in at least two ways: firstly, on the viability of Diploma courses in some TAFE Institutes, and secondly, on the greater cost/price disadvantage forced on TAFE degree programs. TAFE is not afraid of competition. Over the past two decades TAFE Institutes have demonstrated their sustained viability and effectiveness in a range of diverse and intensely competitive education and training markets. However, as it is currently proposed, the extent of protection and favoured treatment offered to public universities as part of the Commonwealth's reform package for 'transforming Australia's higher education system' is likely to place some TAFE Institutes at risk of being unable to maintain the scope and stability of their provision, particularly in some parts of regional and rural Australia.

TDA has raised these concerns on a number of occasions including in the TDA 2010-2011 Budget Submission to the Commonwealth Treasurer where we make a number of recommendations directed towards a more strategic and balanced approach to creating a coherent and genuinely interconnected Australian tertiary education sector. Of particular relevance here are the TDA recommendations for:

¹ MCTEE, *Communiqué*, November 2009.

² See TDA response to the draft guidelines for the HEPPP funding Attachment 1

- Performance funding – as a specific Commonwealth initiative, the introduction of at risk performance funding for TAFE institutes from 2012, with a matching allocation of \$206m for performance funding to apply over a four-year period.(Recommendation 1)
- Structural adjustment – TAFE institutes be resourced to meet the challenges of economic recovery [and] change and reform in TAFE institutes – this will require a matching allocation of \$150m over four years to establish and operate a Structural Adjustment Fund for TAFE institutes.(Recommendation 2)
- Low SES/Low attainment – a matching allocation of \$108m to support the development of measures to address low SES participation rates in TAFE institutes, aimed at increasing participation targets, with a special emphasis on cooperation between regional and metropolitan TAFE institutes for this purpose.(Recommendation 3)³

A copy of TDA's 2010-11 budget submission is at Attachment 3.

The majority of TAFE Institutes see their broad educational mission as providing a diversity of courses which will increasingly include, but in no sense be dominated by, a range of tertiary education courses which articulate seamlessly with university Bachelor or postgraduate coursework degrees. TAFE Institutes should thus be regarded as an essential component of a collaborative and interconnected sector, providing Diploma, Advanced Diploma and Associate Degree level courses and, increasingly Bachelor degree programs.

However, in the absence of at least some of the financial resources recommended in the TDA budget submission, many TAFE Institutes may be placed in the invidious position of being unable either to fund the recurrent requirements of a collaborative arrangement with universities or to maintain their traditional student base as this becomes eroded by the expansion of university places (especially if those places are also offered at the Diploma level).

The jointly agreed position of TDA and Universities Australia emphasises the need for a more balanced and consistent approach to funding of the two tertiary sectors. The agreement states, *inter alia*, that

'The objectives for funding tertiary education would be:

- *to provide funding at rates that represent a reasonable estimate of the required cost of provision;*
- *to ensure similar amounts are provided for similar education and training outcomes;*
- *to ensure that, across the tertiary education system, funding supports students to choose the best course of study or combination of courses for their particular circumstances and aspirations; and*

³ http://www.tda.edu.au/resources/TDA_Submission2010.pdf, 27 April 2010, p.3.

- *to use performance funding elements in an effective and consistent way.*

*The Commonwealth should also consider options for tertiary funding that would encourage stronger linkages between levels of study, for example specific funding for VET courses outside Industry Training Packages designed to articulate into higher education qualifications.'*⁴

The Structural Adjustment Fund Draft Program Guidelines

1.1 Program Objectives, Outcomes and Evaluation Criteria (*Draft SAF Guidelines pp.3, 7 and Appendix 1*)

TDA supports the Structural Adjustment Fund program objective of ensuring 'strong' higher education outcomes across Australia and TDA strongly endorses the program's particular focus on sustainable delivery in outer metropolitan and regional Australia. However, the expected outcomes of the program do not adequately reflect this objective. These outcomes refer only to institutional sustainability and to the quality of teaching and learning while remaining silent on the need for improving the *accessibility* of good quality higher education for a broader cohort of students, particularly those from low SES backgrounds and/or in regional and rural communities. Similarly, the SAF definitions of structural adjustment and value for money, as well as the criteria for evaluating proposals, tend to emphasise the viability and strength of each 'eligible institution' as a primary purpose of the program rather than recognising institutional health as one component of a complex Government plan for more accessible and affordable, demand-driven higher education.

Recommendation 1: *That the SAF definitions of program outcomes and value for money, as well as the evaluation criteria, be revised to place more emphasis on the requirement for structural adjustment proposals to demonstrate a capacity for improved sustainability and accessible delivery of relevant and quality assured higher education and less emphasis on the financial viability and strength of the existing 'eligible institutions'.*

The guidelines envisage institutional collaboration as the principal strategy for achieving sustainable higher education and exclude from the program strategies for simply growing domestic or international students as a means to maintaining institutional viability. In particular, TDA applauds the emphasis on the strategic importance of collaboration between higher education institutions and TAFE Institutes.⁵

Many TAFE Institutes are already in fruitful discussion with universities about possible co-operative strategies to expand the provision of higher education. Recently, TDA and Universities Australia have written jointly to the Deputy Prime Minister, confirming their support for this vision of an interconnected, seamless and student centred Australian tertiary sector.⁶

⁴ http://www.tda.edu.au/cb_pages/Newsletter_20100426.php#_TDA_and_Universities , 27 April 2010.

⁵ This is in marked contrast to the draft guidelines circulated by DEEWR for the higher education participation and partnership HEPPP funds which mentioned VET only incidentally and TAFE not at all.

⁶ Attachment 1 http://www.tda.edu.au/cb_pages/Newsletter_20100426.php#_TDA_and_Universities , 27 April 2010.

However, TDA has some concern that the guidelines also allow scope for universities to invest SAF grants in non-collaborative strategies specifically directed towards maintaining their viability solely, or chiefly by entering into direct competition with TAFE by offering Diplomas and other courses below the level of a Bachelors degree.⁷ The possibility of a significant drift in student numbers from TAFE to university was foreseen by the Bradley report and TDA has acknowledged that to some extent this could be an expected consequence of a demand driven system. However, investment expenditure in deliberately non-collaborative structural adjustment that duplicates and competes with an existing capacity in TAFE would appear not to meet the normal public sector standards of value for money.⁸

Recommendation 2: *That the draft SAF and the HEPPP guidelines are revised to exclude structural adjustment proposals that involve expansion of Diploma and equivalent level courses which are not based on a collaborative relationship with a TAFE Institute. Also that the SAF allow for funds to be allocated for the development of non competency based curriculum frameworks to facilitate smooth transition from TAFE to university qualifications.*

1.2 The Structural Adjustment Fund – Sources and application of funds (Draft SAF Guidelines, pp.4-6)

The SAF guidelines provide for a total of \$400 million for structural adjustment, half of which is to be drawn from the EIF for projects exceeding \$10 million. Since only universities are eligible to receive funds and since even they are limited to 'leading' just one proposal each, it seems highly probable that most applications will in fact be for projects exceeding \$10 million.

TDA has three major concerns with these arrangements:

1. They will discourage collaboration by providing a strong incentive for capital intensive projects to create new or significantly upgraded teaching and learning facilities on existing university campuses even where equivalent facilities may exist in a nearby TAFE Institute and/or where a partnership arrangement with a distance education provider would have the same positive impact on quality and accessibility.
2. The rationale for limiting applications to one from each university is unclear. This limitation militates against regional TAFE Institutes working with a number of universities to expand access to quality higher education opportunities in rural and remote areas. It could be interpreted as an intention to afford each university the same opportunity to access up to \$10 million for structural adjustments without sufficient regard for the workforce needs and educational aspirations of particular communities and individuals.
3. The intention to limit eligibility both for SAF funds and for a significant proportion of the EIF to public universities is inequitable. It is also an

⁷ For example, one university has publicly announced its intention to establish such a 'polytechnic' division in direct competition with a nearby and highly successful TAFE Institute.

⁸ See TDA Response to the DEEWR Draft HEPPP Guidelines, February 2010 <http://www.tda.edu.au> submissions

infringement of the EIF's principles and policies. The establishment of the EIF broke new policy ground by adopting merit-based criteria for the evaluation of applications irrespective of education sector or public/private ownership. By contrast, those TAFE Institutes that are private higher education providers are excluded from the SAF, regardless of the relative merit of their capacity for expanding and sustaining higher education opportunities.

Recommendation 3: *That applications for structural adjustment funds should be open to consortia led by, or consisting of, TAFE providers of higher education, with all applications judged on their merit, rather than being limited to the 'eligible institutions' as currently specified by the draft SAF guidelines.*

Recommendation 4: *That the Commonwealth provide additional funds to TAFE Institutes in accordance with Recommendations 1, 2 and 3 of the TDA Budget Submission 2010-2011 at a level at least sufficient to ensure their capacity for ongoing collaboration with universities in successfully implementing the Ministerial Council's objective for an interconnected and seamless Australian tertiary education sector.*

Recommendation 5: *That, consistent with the jointly agreed position of Universities Australia and TDA, similar tertiary courses and outcomes should be funded by the Commonwealth at the similar levels.*

TDA acknowledges that the timetable for higher education reforms has been driven by the Commonwealth's commitment to rapidly improve tertiary education opportunities for all Australians and to increase the productivity of the Australian workforce. However, this timetable should not entail undue risks or unintended negative consequences. Building on the joint work undertaken by TDA and Universities Australia, an advisory group with expertise from all segments of tertiary education would assist the Commonwealth to mitigate these risks and to more effectively drive its reform agenda.

Recommendation 6: *That the Commonwealth convene a tertiary education reform advisory group with expert knowledge from all sections of the Australian tertiary education sector.*

TDA would welcome the opportunity to discuss these issues and the related recommendations with senior executive staff of the Department.

Three Attachments:

- Attachment 1 TDA response to the HEPPP guidelines
- Attachment 2 Universities Australia/TDA agreement; March 2010
- Attachment 3 *Ideas and Priorities for Vocational Education and Training*, TDA Submission to the Federal Treasurer, January, 2010.