



Submission to the Senate Education and Employment Committee

Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017

An even playing field for tertiary education in Australia

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An even playing field for tertiary education in Australia

Preamble

TAFE Directors Australia (TDA) welcomes the opportunity to make this submission to the Australian Senate to address policy and funding issues affecting the Vocational Education and Skills portfolio from the 2017-18 Federal Budget.

TDA is the peak body incorporated to represent Australia's government-owned Technical and Further Education (TAFE) institutes and university TAFE divisions, and the Australian-Pacific Technical College (APTC).

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

TAFE Delivery

TAFE enrolled more than 2 million students in 2015, and our members continue to enjoy a majority share of government-funded training. TAFE remains the dominant partner in vocational education and training (VET) across most of Australia's core skilled occupations, and with major Australian industry.

At a wider sector level, VET is the major component of the tertiary education system; NCVER confirms VET enrolled three times as many students undertaking some form of accredited training, albeit with many on a sessional basis, as those attending universities across Australia in 2015 (4.5 million¹ compared to 1.4 million² respectively).

Overview

TAFE institutes across Australia are concerned about the potential distortionary effect of the extension of Commonwealth Supported Places (CSP) demand-driven funding to sub-bachelor level qualifications, as announced in the Higher Education reform package.

TAFE Directors Australia (TDA) understands that the extension of CSP to sub-bachelor level qualifications, as outlined in Part 1 of Schedule 2 of the Bill—Enabling and sub-bachelor courses and work experience in industry - of the *Higher Education Support Legislation Amendment (A More Sustainable, Responsive and Transparent Higher Education System) Bill 2017* (the Bill), will be limited to Table A providers at subsidy rates aligned to Cluster of Study rates without a cap on places. Further, the courses to be eligible for this funding are to

¹ NCVER, Total VET Students and Courses, 2015.

² Department of Education and Training, Student Summary 2015.

demonstrate clear links to industry requirements and would be recommended, for funding purposes, by the Department of Education and Training and determined by the Minister.

The proposal to extend CSPs to university sub-bachelor courses is duplicative and difficult to justify, from either a financial or efficiency perspective. Past experiences suggest that such a move would see a rapid expansion of higher education delivery at the diploma and advanced diploma level, which would displace existing public investment within the VET sector, and ultimately call into question the viability of TAFE. The proposed 'test' of industry relevance for the courses and the approval by the Department and the Minister would duplicate the industry engagement arrangements already in place in the VET sector. The funding gap between equivalent courses delivered by VET and higher education providers is not justified by differences in labour market outcomes. Moreover, the proposal distorts student choice and ultimately fails on the public policy test of equitable access to tertiary education for Australians.

The urgent priority is to align regulation, funding and industry engagement across both sectors. This approach would lead to more diverse and complementary offerings between the sectors, and to students being able to choose pathways that are best suited to their learning style and ability to pay. Ultimately, outcomes of the sectors would better align with the economic and social demands of the Australian economy, leading to more efficient use of capital and recurrent resources between the sectors, particularly in regional areas.

TDA supports the proposal by the Government for a comprehensive review of the AQF and Higher Education Provider Category Standards. A revitalised framework and open standards can be used in a more pro-active way to create diversity in tertiary education offerings in Australia. Education and training makes up a major part of Australia's services industry, and is among our most important exports. Outcomes from the reviews should be designed to build flexibility and diversity across all of tertiary education as pre-conditions to responding to emerging challenges in skills and innovation required for Australia's high skill, high wage, value-add economy.

TAFEs are concerned about unnecessary duplication

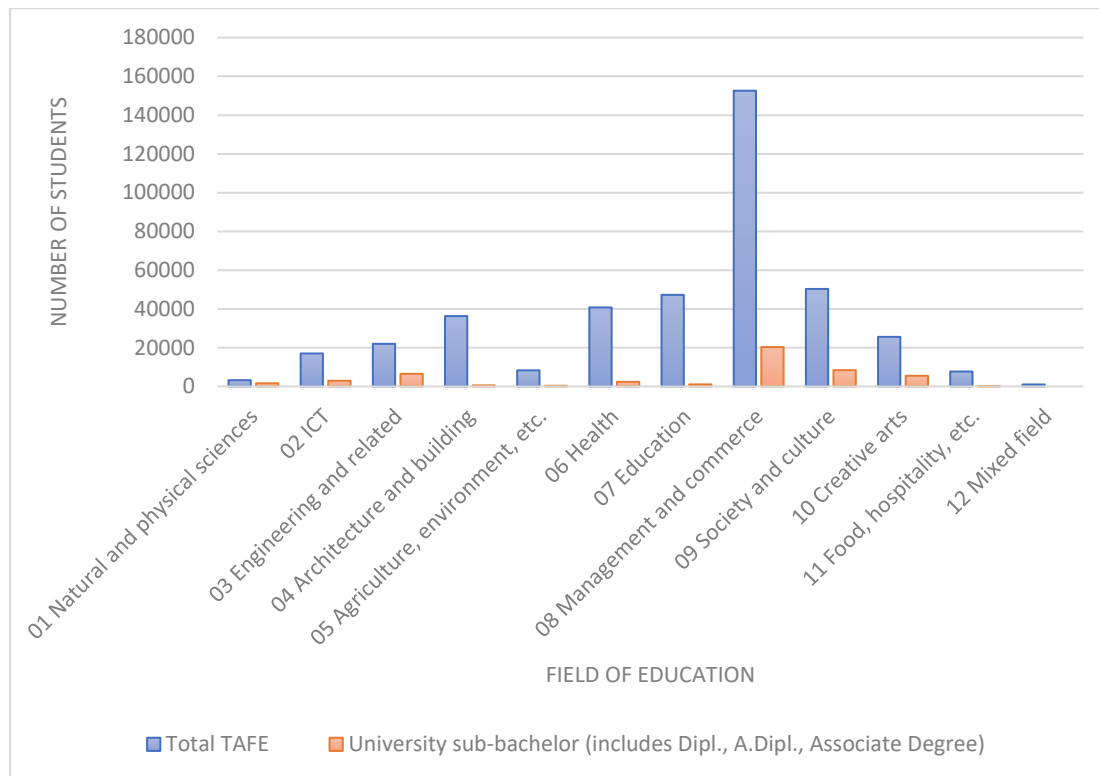
TAFEs have significant infrastructure and current resources dedicated to industry-focused training at all AQF levels up to AQF level six. At AQF levels five and six there is already a crossover with higher education accredited diplomas and advanced diplomas and enabling sub-bachelor courses.

TAFE delivers the majority of industry-focussed, higher-level education and training

As the figure below shows, the large majority of AQF level five and six courses are delivered in VET, with TAFE having over eight times as many enrolments as higher education. As a result, TAFE and other VET providers already have facilities and teaching capabilities for delivering and supporting employment outcomes and industry development.

While the quantum of university courses and enrolments at this level is low, significant expansion runs the risk of duplicating and displacing current VET delivery in these areas. Such expansion would accelerate the shift of students, who normally would have attended TAFEs, to universities, which appears to have been the case with demand-driven CSP for bachelor enrolments in universities.

Figure 1: Diploma and Advanced Diploma Students in TAFE versus Higher Education³



An assessment of the impact on TAFEs is difficult to determine, due to the different funding and accreditation systems operating between the sectors, and administration by different levels of government. A case study of engineering training and higher education in Victoria⁴ demonstrates the rapid changes in enrolments between providers and sectors. The study shows that during the operation of the Victorian Training Guarantee, the open competitive funding model for vocational education and training, in the period between 2008 and 2010 TAFEs saw a 25.3 % decrease in enrolments and dual sector universities saw an increase of 10%. At the same time, universities continued a steady rise in bachelor level enrolments from 15,802 for 2006 to 17,090 in 2009. And Associate Degrees and Advanced Diplomas increased over the same period from 67 to 622.

A shift away from TAFE would limit services for smaller communities and disadvantaged groups

Another unintended consequence of the drift of students to universities is the impact on TAFEs' capacity to meet their core mission of promoting access to training and further

³ Please note: Data are for 2015. Sources: DET, 2016; NCVET, 2017.

⁴ Karmel, T & T Lu. 2012. Associate degree or advanced diploma? A case study. Adelaide, NCVET.

education. TAFE institutes operate across 2000 locations, enabling individuals to engage in adult literacy and numeracy education and develop skills to prepare for work. Extending CSPs to higher education sub-bachelor courses, coupled with demand-driven funding for bachelor level courses, risks eroding the enrolment base for TAFE institutes.

As a result, TAFEs are likely be forced to close access programs and potentially campuses to rationalise costs. This will further disadvantage those who need the most assistance to be active labour market participants. The capacity for TAFEs to meet their legislated community service obligations, including the delivery of training in areas of skills needs in thin markets, such as rural and regional locations would also be compromised. And in the context of higher level skills requirements for jobs, more Australians risk being without work, reliant on income support and ultimately inactive in the labour market.

TAFE graduate outcomes are comparable to higher education

A move to university-delivered sub-bachelor qualifications is not justified from an employment outcomes perspective. This fact has been highlighted in a very recent study by the Skilling Australia Foundation, which found that:

- VET graduates' wages are comparable to university graduates;
- VET graduates have a higher employment rate than university undergraduates; and
- VET courses are key to meeting changing workforce needs⁵.

It is worth noting that these comparisons are between VET diploma and advanced diploma qualifications and university degrees. It is doubtful that university sub-bachelor qualifications would yield better outcomes.

TAFE already engages effectively with industry

TAFEs commend the Government's intention that the courses subject to this measure are to demonstrate alignment with industry need. It is unclear whether the arrangements in place in the VET sector could be applied effectively in higher education, and why this would be desirable, given the different foci of the two sectors. In the VET sector, formal arrangements are already in place for industry endorsement of qualifications, at all qualification levels:

- Through the Government's new industry engagement model, the Australian Industry Skills Committee, endorses qualifications for delivery
- Qualifications which are stood up respond to demand expressed by industry through formal Industry Reference Committees and detailed labour market analysis
- As nationally endorsed industry-based qualifications, they are recognised by employers and all governments across Australia.

⁵ Wyman, N, M McCrindle, S Whatmore, J Gedge & T Edwards. 2017. Perceptions are not reality: myths, realities and the critical role of vocational education and training in Australia. Melbourne: Skilling Australia Foundation.

The success of TAFE graduates is built on the strong relationships of trust that have been developed over time between institutions and employers. These relationships benefit students and graduates by providing them with placements and employment opportunities. They also allow employers to have greater input into the training process, including implementing curriculum and validating assessments.

The fact that there are mechanisms in place, both through the training product development process, and local-level relationships means that TAFE is able to respond effectively to industry needs. For most universities and in most programmes of study, these channels are in their infancy. This fact suggests that with their sub-bachelor qualifications, universities are not positioned to offer courses that respond adequately and effectively to the needs of employers.

Vocational education more broadly provides participants with a valuable, hands-on learning experience, which allows them to undertake work in a variety of contexts, and with an increasing level of complexity. This approach allows graduates to 'handle the complexity and ambiguity which they are likely to encounter in the workplace'⁶, and stands in contrast to the traditional learning approach that exists at most universities. As such, TDA argues that TAFE institutes are better placed to match or exceed graduate and employment outcomes than most universities.

TDA is concerned that an additional industry engagement model will be implemented as a result of this measure, with disparate or duplicative qualifications being developed and delivered as a result. Moreover, job prospects and other tangible benefits for students are also difficult to predict and assess.

While universities are expected to exercise their self-accreditation power in developing these courses, failure to engage TEQSA or ASQA in the validation of the courses also presents risks. As university-specific qualifications there is also risk that industry may not recognise graduates' skills and standing consistently across Australia.

TAFE has comparable outcomes at a lower cost to students and taxpayers

Prospective students enquiring about training and education options face an array of courses, providers and personal cost in deciding upon a course. To demonstrate, the following options appear to be available at the AQF 5 and 6 level:

- VET Student Loan supported place, with loan limit, at a VET provider,
- VET Student Loan supported place, with loan limit, at a VET provider supported by state or territory subsidy,

⁶ CSIRO 2016, cited in Wyman, N, M McCrindle, S Whatmore, J Gedge & T Edwards. 2017. Perceptions are not reality: myths, realities and the critical role of vocational education and training in Australia. Melbourne: Skilling Australia Foundation.

- FEE-HELP supported place, without fee or loan limit, at approved non-university higher education providers (which includes many TAFEs), or
- HELP supported place, with set subsidy rates and loan limit, at Table A providers.

In a 2012 study, NCVER⁷ found university advanced diplomas were up to 50 per cent more expensive to deliver compared to comparable qualifications offered by TAFE, and university associate degrees were up to 130 per cent more expensive compared to TAFE advanced diplomas.

For subsidised VET qualifications, the NCVER study found students would be required to pay \$5,000 in tuition over two years for a TAFE qualification, compared to \$15,800 that a student would be forced to pay for an associate degree in the same field of study.

TDA calls on the Government to work toward a coherent approach to the public support offered to citizens engaging in tertiary education. Different costs to individuals, for essentially the same qualification and employment outcomes, risks students enrolling based upon personal cost considerations over the approach to learning best suited to them or their desired job outcomes.

The priority must be a coherent tertiary sector focused on access to training and education to support economic and social development

TDA acknowledges that the Government's budget repair priorities needs universities to contribute to the savings effort. However, other efficiencies are available to both levels of government through a more aligned approach to public investment in tertiary education and TDA recommends that Australian governments work toward this goal.

While it is recognised that the expansion of CSPs to sub-bachelor level courses support universities to diversify their offerings to students and to engage with industry, a more joined up approach to tertiary education would assist in efficient education investment by governments, and would do so at a lower cost with reduced duplication.

While it could be argued that the primary responsibility for VET rests with states and territories, the structural changes facing the Australian economy and the resultant impact on employment trends and skills requires a national approach.

In previous funding agreements between levels of government concerning vocational education and training there has been a joint commitment to drive economic growth through skills and workforce development. With the Commonwealth's *Skilling Australians Fund* replacing previous agreements, and with a focus on projects to grow apprentices and trainees, questions remain whether the retains this commitment.

⁷ Karmel, T & T Lu. 2012. Associate degree or advanced diploma? A case study. Adelaide: NCVER.

The review of the AQF and provider category standards should be considered as essential forerunners for this work. An open AQF and provider category system removes artificial sectoral based barriers which prevents suppliers delivering education and training services to respond to economic priorities and student need. Such an approach then allows for governments to use regulatory, quality and funding systems to drive their economic and social outcomes.