

**DISCUSSION PAPER**

**PUBLIC TECHNICAL AND FURTHER EDUCATION PROVIDERS  
IN THE TERTIARY SECTOR  
- UNLEASHING THE CAPABILITY**

**July 2013**

## EXECUTIVE SUMMARY

This paper provides background to TDA's policy position on the future role of public technical and further education providers in Australia's tertiary sector.

Following the release of the Bradley Review in 2008<sup>1</sup>, a range of significant structural, organisational and funding changes occurred. These were designed to create an interconnected tertiary sector, to promote the achievement of a range of government targets for education and to secure Australia's future in an increasingly challenging and volatile global market in Asia and beyond.

The paper describes how public technical and further education providers have adapted to these changes and suggests ways in which they might further be enabled to contribute to the achievement of government policy objectives. It:

- highlights the distinguishing features of public technical and further education providers and how their functions can be characterised within the broader education sector;
- cites evidence from several States of the value placed on the national network of public technical and further education providers by a wide range of stakeholders;
- describes some of the innovative partnership arrangements that have emerged across Australia to improve tertiary access;
- gives examples from the different States to illustrate how the trend for public technical and further education providers to become registered Higher Education providers in their own right has gained momentum as providers build on their strong industry links and their specialist expertise at Certificate level;
- provides a framework to demonstrate that greater degrees of devolution are necessary to fully enable the public technical and further provider network to respond to industry demand and to government policy objectives;
- presents five options for extending Commonwealth funded tertiary places to students in alternative pathways to those offered by universities, against the background of reasons why this will assist in achieving government objectives.

The paper concludes by urging a consolidated effort by all jurisdictions to unleash the capability of Australia's public technical and further education providers by recognising:

- ❖ the distinctive role they play in the nation's education system and the value placed on it by communities, enterprises and industry;
- ❖ the increasing contribution they are making to realising the vibrant tertiary sector required to secure Australia's future;
- ❖ the emergence of mixed sector institutions appealing to new cohorts of students and enhancing the diversity of the tertiary sector;
- ❖ the need for greater degrees of devolution to enable them to fully respond to industry needs and to government priorities;
- ❖ the options available to prudently manage the extension of Commonwealth funded tertiary places to students in non-university Higher Education programs and the impact this could have on the achievement of government policy.

With respect to the last of these points, the following options are presented for consideration:

**Option 1: Extend Eligibility** - Extend Commonwealth funded tertiary places to a wider range of students studying Higher Education programs in settings other than universities in the interests of a more effectively delivering on Australia's workforce development needs and creating a more diverse tertiary market.

**Option 2: Cap the Government Contribution to Funding for Places** - As for Option 1, but cap the Government contribution and allow institutions to charge fees to make up the difference.

**Option 3: Create Savings to Fund More Places** - Introduce a minimum ATAR and redirect the savings generated to support additional places for new cohorts of students in alternative pathways.

**Option 4: Strike a Different Formula for Non-University Places** - Apply a different formula for non-university places, omitting the research component. Funding arrangements might apply criteria that give effect to support government policy, for example:

- addressing priority industry areas and productivity needs;
- improving qualification pathways;
- boosting participation of people from low SES backgrounds and from rural and remote areas.

**Option 5: Introduce Direct Funding of Non-University Places** - Establish a mechanism for the Commonwealth to fund places in non-university providers directly on a contestable basis, using criteria such as those listed in Option 4.

## INTRODUCTION

### **Context**

In 2010, TDA released its *Blueprint for Australia's Tertiary Education Sector*<sup>2</sup>. The *Blueprint* responded to the developments resulting from the Bradley Review of 2008<sup>3</sup> which recommended that the time had come for Australia to move from two separate sectors of Vocational Education and Training (VET) and Higher Education toward an interconnected tertiary sector. The concept of a tertiary sector was widely welcomed by providers in both sectors and has proceeded apace.

This paper discusses the place of Australia's public technical and further education providers<sup>4</sup> in the tertiary sector in light of the changes that have occurred in the meantime and the imperatives of the future.

From an international perspective, Australia's education system must be seen in the context of the ongoing effects of the global financial crisis and Australia's place in the international economy of the future. With fundamental shifts in the economic landscape, governments world-wide are more than ever focussed on the productivity necessary to compete in an open market, managing deficits and achieving value for money. Although Australia fared comparatively well in the global economic crisis, these priorities impact on all aspects of government policy, including education policy, and will continue to do so for the foreseeable future. There is also widespread agreement that, as its neighbouring Asian countries reach their growth potential, Australia must consolidate its place in the region as a vibrant, productive and innovative economy.

As public technical and further education providers actively adapt to these circumstances, the development of a strong interconnected tertiary sector is critical.

### **The Tertiary Sector**

TDA has adopted the following definitions related to the tertiary sector:

*'Tertiary qualifications' are those at AQF level 5 and above, including where these qualifications may embed pathways from the qualification below'.*

*'Tertiary education institutions' are those which have a broad educational mission and capacity and capability to deliver a range of programs, qualifications and services.'*<sup>5</sup>

These definitions are consistent with the Australian Qualifications Framework (AQF) 2011 which created 'a single comprehensive national qualifications framework'<sup>6</sup> with the stated objective to '...assist people to move easily and readily between different education and training sectors.'<sup>7</sup> The subsequent merging of graduate certificates/diplomas with vocational graduate certificates/diplomas reinforced this objective.

## SUMMARY OF THE KEY TENETS

- Australia's public providers of technical and further education play a distinctive role in the nation's education system and are critical resources for the future success of Australia's economy;
- The national public technical and further education network is highly valued by stakeholders as a civic asset with its physical reach across metropolitan, urban, rural and remote areas and into enterprises and workplaces across Australia;
- A wide range of innovative programs, models and partnerships in tertiary delivery are enabling public technical and further education providers to further extend their offerings across the network and to provide essential alternative pathways for new cohorts of students;
- The trend for public technical and further education providers to become registered Higher Education Providers in their own right is gaining momentum and signalling the emergence of a new form of mixed sector tertiary institution;
- Greater degrees of devolution to public technical and further education providers would accelerate their capacity to contribute to the achievement of government policy objectives;
- Australia's workforce development needs will be better served by extending Commonwealth funded tertiary places to students in alternative pathways to those offered by universities.

## KEY TENETS

**1. Australia's public providers of technical and further education play a special role in the nation's education system and are critical resources for the future success of Australia's economy.**

In its 2010 Blueprint TDA outlined ten distinguishing features of public technical and further education providers. These can be briefly summarised as follows:

- *Government ownership*, operating from publicly owned infrastructure with responsibility and commitment to achieving government policy priorities;
- *Relevance to enterprises/industry*, focussing on innovation, workforce development and the skill needs of the economy;
- *Comprehensiveness and diversity*, in terms of student cohorts, program offerings, qualification levels, teaching locations and the broader student experience, designed to assist the achievement of employment, career and personal aspirations;
- *Commercial and entrepreneurial orientation*, with dividends re-invested in education and social inclusion;
- *Low-risk for market failure*, because of long standing processes to ensure quality and robust administrative and accountability procedures.<sup>8</sup>

With these features, Commonwealth, State and Territory governments have important resources at their disposal to build Australia's success, both domestically and globally.

Less than a decade ago, the then Australian National Training Authority (ANTA) saw public technical and further education as being on ‘the vocational education and training frontline’, stating:

*TAFE is a central plank of the national provider network. TAFEs have multiple missions and different ways of operating. TAFEs are well placed to work with businesses to support their workforces, to give individuals skills for work and a quality learning experience and to provide local responses to community needs. TAFEs of the future will face additional change as the training market evolves.<sup>9</sup>*

Much has indeed changed in the intervening period. There has been significant fragmentation of vocational education and training in terms of policy, funding and structural arrangements as each jurisdiction has developed its own distinctive approach to provision. The claim to a national system rests mostly on the existence of national training packages without which there would be little left by way of a truly national approach.

A period of unrestricted growth in RTOs has presented serious and still not fully resolved regulatory, quality and financial challenges. This has had a negative impact on domestic and international stakeholder perception of the value of Australian qualifications and vocational training more generally with unjustified flow-on effects to public technical and further education providers.

*The jig-saw like changes that are occurring across the States is confusing for employers and students, and there is no sign as yet of a nationally consistent training system, which was the intention of the \$1.75 billion National Partnership Agreement on Skills Reform, signed in April and to be delivered by 2014.*

Jenny Lambert, Employment, Education and Training Director, ACCI

This situation is particularly regrettable in a context where Australia previously had a strong international reputation for the quality of its vocational education and training system.

As part of this fragmentation and reputational damage, there is no longer a commonly held view across the jurisdictions of the role, value or future of public technical and further education providers.

A recent paper produced by the Centre for Policy Development<sup>10</sup> points to the role played by public technical and further education providers in providing benefits to society. It argues the importance of vocational education and training generally, but highlights the particular importance of the public RTOs, warning that the sector as a whole will suffer if their role as ‘full service providers’ is undermined.

*The VET sector’s largest provider, TAFE, frequently provides a disproportionate share of the benefits to society:*

- *TAFE has 7.2% of students with disability or long-term condition (8.7% in NSW) compared to 4.2% for private providers nationally (1.8% in NSW);*
- *19.6% of TAFE students are living in rural and remote areas (17.5% in NSW); the proportion was 14% for the private providers (12.9% in NSW);*

- TAFE does more training towards skills in shortage (e.g. in Victoria, 28.6% of TAFE students are training to fill jobs in areas suffering from skill shortage, while less than 20% of students at private training providers are gaining skills that address industry shortages).<sup>11</sup>

By way of contrast, the role and public value of universities is uncontested and is reflected in government policy and funding arrangements. The concept of a ‘social contract’ between universities and the broader society has existed for many centuries and remains fundamentally unchallenged. A range of benefits is seen to accrue to society as a whole from universities such as their contribution to the social fabric and their role in building communities and citizenship, not dissimilar to the benefits cited by ANTA with respect to TAFE. Whereas the emphasis is on universities’ role in research and knowledge development, public technical and further education providers play an equally important role in supporting businesses and enterprises in economic development as highlighted previously by ANTA and more recently by the Centre for Public Policy Development. While the Higher Education market has also been somewhat opened up, 37 of Australia’s 40 universities are public and the ratio of public to private Higher Education Providers is relatively stable at 1:5, compared with a ratio of 1:86 for public to private Registered Training Organisations (RTOs)<sup>12</sup>.

Burawoy presents a useful matrix of four ‘knowledges’ as a vision for the public university (refer attachment 1). This is described as follows:

*This vision of the public university recognizes four functions of the university. At the heart is professional knowledge, the knowledge produced in research programmes defined in the academic world evaluated by fellow academics. The knowledge can then be applied to the world beyond in the policy realm, but recognizes the interdependence of the two knowledges.*<sup>13</sup>

Using Burawoy’s approach, a matrix can also be developed for public sector technical and further education:

**Box 1: The functions of public technical and further education**

AUDIENCE FUNCTION	INDIVIDUALS	ENTERPRISES
	Student/Community Audience	Enterprise/Industry Audience
Technical skills and competencies	Quadrant 1 <b>JOBS/EMPLOYMENT</b>	Quadrant 2 <b>ENTERPRISE SUSTAINABILITY</b>
Further education and specialisation	Quadrant 3 <b>CAREERS/CITIZENSHIP</b>	Quadrant 4 <b>LABOUR MARKET PRODUCTIVITY</b>

This vision of public technical and further education also recognizes four functions. As broad-based institutions, public providers are well placed to ensure a balance between the needs of individual students and the needs of enterprises in a demand driven system. Central to this are competencies and skills that are essential for individuals to gain employment (quadrant1) and for enterprises to be viable and sustainable (quadrant 2). In addition, further education and specialisations are available to assist individuals to advance within employment or with pathways to further study as part of

becoming rounded, effective and career-mobile citizens (quadrant 3). This also assists in building labour market productivity for Australia as a whole (quadrant 4). Capacity to cover all four quadrants is a particular strength of the public sector, with the emphasis on the quadrants varying according to the location and mission of the providers.

TDA envisages a future where the role of many public technical and further education providers is increasingly in quadrants 3 and 4 as they respond to workforce development needs and build capability.

There is also potential for public technical and further education providers to form national groupings of institutions with similar missions and/or specialisations, possibly also including universities, along the lines of the precedent already set by universities. This could assist with differentiation of the public sector, which has so far proved difficult to achieve in an open and fragmented market.<sup>14</sup>

**2. The national public technical and further education network is highly valued by stakeholders as a civic asset with its physical reach across metropolitan, urban, rural and remote areas and into enterprises and workplaces across Australia.**

### ***A National Network***

The 61 public technical and further education providers in Australia operate from around 1300 locations across Australia, extending into rural and remote areas. As well-established and stable institutions, the cost of running smaller centres is often offset by campuses in more densely populated areas. This assists in ensuring that enterprises in smaller regional economies are supported as well as those in the metropolitan areas. In addition, there is no doubt that there is a strong ethos among public providers to serve the region in which they are located so that, as far as possible, access to technical and further education for individuals is facilitated, and not primarily dependent on postcode and profitability.

Greater access and further efficiencies are also gained by utilising the many locations for the provision of VET in Schools or Higher Education programs, using a range of delivery models and building qualification and career pathways. The network of locations also provides a base from which to partner with enterprises large and small and to maintain lasting and productive relationships.

From a cost/benefit perspective, the multiple purposes that public facilities are put to create significant benefits for individuals, communities and the economy.

The approach adopted by public technical and further education providers is critical to achieving the goals of the National VET Equity Advisory Council (NVEAC) in creating an environment more likely to benefit those disengaged from education and training:

*Partnerships and connections that are robust, sustainable and based on mutual benefit are fundamental to achieving successful pathways and transitions, particularly to employment. Strong cross-government, community, schools and employer partnerships are also critical to successfully reach those in the community who have been disengaged from learning.*<sup>15</sup>

### Highly Valued by Stakeholders

There is much evidence to suggest that public technical and further education is valued by individuals, communities, enterprises and industry across Australia.

Among the findings of a recent survey<sup>16</sup> of 689 **Queensland** stakeholders were the following:

- *Almost 85% of Queenslanders – including employers – regard TAFE as an extremely important and valuable community asset that should be retained with appropriate funding;*
- *TAFE is considered to be a trusted provider of high quality vocational education and training with some 81% of respondents strongly agreeing or agreeing that qualifications delivered by TAFE are reliable and of high quality, valued by employers and well recognised nationally;*
- *83% of Queenslanders strongly agree or agree that TAFE plays an essential role in developing a highly skilled and productive workforce in Queensland;*
- *84% agree that TAFE contributes particularly to the economic development and social cohesion of regional communities ...*

A recent News poll of 1,905 people conducted for the NSW TAFE Commission found that:

- 90% of respondents described TAFE as valuable to NSW, with 80% describing it as extremely valuable or very valuable;
- 86% of respondents from all geographic and demographic segments regarded TAFE NSW as valuable to their local community;
- 94% believed that TAFE NSW makes a valuable contribution to business and industry.<sup>17</sup>

An earlier 2011 independent report also commissioned for TAFE NSW investigated how TAFE was adding value to business through customer responsiveness. The findings of the report *‘Creating and Adding Value’*<sup>18</sup> are summarised in Box 2:

#### Box 2: Value identified by stakeholder groups

<p>For <b>industries</b> as customers, value obtained from TAFE often includes:</p> <ul style="list-style-type: none"> <li>• development of programs and resources to meet industry skill development needs</li> <li>• workforce development across a sector.</li> </ul>	<p>For <b>regions</b> as customers, value obtained from TAFE NSW often includes:</p> <ul style="list-style-type: none"> <li>• development of social capital</li> <li>• increase in the skills base</li> <li>• stimulation of local economies.</li> </ul>
<p>For <b>enterprises</b> as customers, value obtained from TAFE NSW often includes:</p> <ul style="list-style-type: none"> <li>• accelerated skills acquisition</li> <li>• expanded skills base</li> <li>• enhanced capacity for innovation</li> <li>• increased productivity</li> <li>• improved performance</li> <li>• positive impacts on the bottom line.</li> </ul>	<p>For <b>individual students</b> as customers, value obtained from TAFE NSW often includes:</p> <ul style="list-style-type: none"> <li>• gaining confidence as a learner</li> <li>• acquiring new skills</li> <li>• obtaining a qualification</li> <li>• securing an apprenticeship</li> <li>• winning a first job</li> <li>• gaining a promotion</li> <li>• changing career direction.</li> </ul>

Calling for re-instatement of full service provider funding for public sector technical and further education providers in Victoria, one municipality has stated:

*Access to local tertiary education options is critical to (our) community ....The economic and social well-being of ... communities is intimately linked to the ongoing provision of tertiary education and training in locations and formats that provide skills and expertise to increase education standards and improve business performance.<sup>19</sup>*

A review of public vocational education and training in **Tasmania** also highlighted that rural and remote communities consider that they deserve public sector provision as much as other areas:

*... the impression that there is insufficient commitment to an ongoing presence by the public sector provider ... has led to some resentment and a perception in some quarters that rural and remote communities are treated as a 'backwater' or little more than a community service obligation.<sup>20</sup>*

### **3. A wide range of innovative programs, models and partnerships in tertiary delivery are enabling public technical and further education providers to further extend their offerings across the network and to provide essential alternative pathways for new cohorts of students.**

Public technical and further education providers have a long history of developing innovative ways of improving access to education and training for the wide range of students and enterprises they serve.

Prior to the Bradley Review, the predominant form of co-operation between public technical and further education providers and universities was pathway arrangements whereby credit would be negotiated towards a degree, delivered by the university concerned.

Post-Bradley, new forms of partnership were born, including joint delivery arrangements and franchising of degrees. It is noteworthy that this has not required government intervention, but rather been a result of the focus of the parties on responding to government priorities and their creativity in finding ways to do so. In this respect, practice is ahead of policy as providers look for ways to achieve innovative solutions for the future within the limitations of existing arrangements.

In a time of change, some of these partnership arrangements have struggled to gain approval. However, a sample of them reveals that they are many and varied:

#### *New Dual Sector University in Queensland*

A merger of Central Queensland University (CQU) and Central Queensland Institute of TAFE (CQIT) has been agreed to by the parties. Distinctive elements of this arrangement are that the two institutions initiated and agreed to the merger and that, according to the CQU Vice-Chancellor, they see it as *"a very different dual-sector to some of the others around the country"*. The intention is not just to develop traditional pathways but to achieve a complete integration with students encouraged to move in both directions, enhancing opportunities for domestic students as well as attracting more international students.

### *Melbourne Polytechnic*

A partnership between Northern Melbourne Institute of TAFE (NMIT) and La Trobe University has resulted in the creation of Melbourne Polytechnic. The aim, according to NMIT Chief Executive Officer, Dr Andy Giddy, is to provide “. . . *highly supportive, vocationally focused degree programs with a particular emphasis on excellence in teaching and learning to meet the needs of students from a diverse range of backgrounds*”. Courses under the partnership will be conferred as accredited La Trobe University degrees and will attract the Commonwealth Supported Places. NMIT will continue to offer its existing suite of degrees and work with La Trobe to progressively introduce these degrees into the partnership.

### *Australian Polytechnic Network (APN)*

In May 2013, a new Australian Polytechnic Network (APN) was announced. It comprises the University of Canberra, Melbourne’s Holmesglen Institute, Northern Sydney Institute, South Western Sydney Institute and Brisbane’s Metropolitan South Institute of TAFE. The APN is designed to bring the best of vocational and higher education together as an innovative network of tertiary partners.

Importantly, the announcement followed Ministerial decision at federal level to approve Commonwealth Supported Places for delivery of University of Canberra degrees at the network member campuses from 2014.

### *Menzies Alliance*

The University of Ballarat announced the formation of 'the Menzies Alliance' to bring together and share resources between six regional public technical and further education providers in Victoria and their 28 different campuses to consolidate education in Victoria, based on the 'Star Alliance' model used by airlines. The alliance is intended to facilitate the joint delivery of University of Ballarat degree programs through the regions and received a grant of nearly \$25 million in Federal Government support.

### *Metropolitan South Institute of TAFE (Queensland)/Holmesglen Partnership*

Such is the maturity of the public technical and further education provider network that a partnership now exists for Metropolitan South Institute of TAFE in Queensland to offer Holmesglen degrees.

### *Deakin at your Doorstep*

Deakin at Your Doorstep gives students in rural and regional areas greater access to higher education by providing the opportunity to study an associate or bachelor degree close to home. Courses studied via Deakin at Your Doorstep are delivered through state-of-the-art technology in purpose built learning centres at five public technical and further education providers and six campuses throughout Victoria.

Despite the uncertainty surrounding the future of some of these partnerships, the clear intention and potential benefit is the provision of access to new cohorts of students.

**4. The trend for public technical and further education providers to become registered Higher Education Providers in their own right is gaining momentum and signalling the emergence of a new form of mixed sector tertiary institution.**

Alongside the growth in partnerships with universities, the trend for public technical and further education providers to become registered Higher Education Providers (HEPs) in their own right is now entrenched.

These providers are building on the advanced capability that exists at Certificate level and responding directly to industry needs and demand by developing their own Higher Education qualifications. They offer important alternative pathways for domestic students as well as a wider range of options for international students.

There are currently 9 registered HEPs and 16 providers offering 88 qualifications compared with 10 HEPs and 9 providers offering 68 qualifications in 2009 (Attachment 2). This growth is not to be taken for granted because students are full-fee paying and might have access to Commonwealth Supported Places (CSPs) in a more traditional university environment.

*New South Wales*

A noteworthy development is the New South Wales model. Unlike in other states where individual institutes become Higher Education Providers developing their own degrees, NSW has taken the approach of registering one Higher Education Provider for the whole State with eight institutes sharing in common the delivery of one Associate Degree and five Bachelor degrees, according to demand. This approach is cost-effective in terms of course development, learning materials and professional development costs.

*Western Australia*

In Western Australia, Polytechnic West has developed seven associate degrees in areas such as aviation, fashion, network technology and software development, building on their significant strengths at Certificate level.

*Victoria*

Victorian institutes were quick to respond to the opportunity to become Higher Education Providers, with Holmesglen, Box Hill, and Northern Melbourne Institutes promoting 20, 18 and 27 Higher Education qualifications respectively, of which 14, 13 and 13 are Bachelor Degrees.

In the ACT and Queensland the Higher Education offerings reflect the specific expertise of the institutions concerned.

These developments are signalling the emergence of a new form of tertiary provider, combining vocational and higher education. They are sometimes referred to as 'mixed sector institutions', consistent with their counterparts in the United Kingdom. As in the UK, they are seeking to be recognised as a distinctive institutional form with identifying nomenclature and specific branding.

**5. Greater degrees of devolution to public technical and further education providers would accelerate their capacity to contribute to the achievement of government policy objectives.**

With the emergence of a tertiary sector and the ongoing development of an open market, it is timely for public technical and further education providers to be granted greater flexibility to enable them to fully utilise their capability and to remove the restrictions that inhibit them from responding more effectively to government policy and industry needs.

Emerging in many cases out of the State/Territory-based school sectors and with the associated legacy of governance and control, public technical and further education providers lag far behind their university counterparts in their capacity for flexibility and rapid response to stakeholder needs. Limitations on their operations vary from jurisdiction to jurisdiction so that clear priorities for how this can occur are complex to identify.

The factors outlined in Box 3 below merit consideration in various combinations:

**Box 3: Facilitating capacity to compete**

<p><b>Marketing and Branding</b></p> <ul style="list-style-type: none"> <li>• clearer differentiation of the public sector</li> <li>• greater marketing/branding control</li> </ul>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>• consistency of governance structures with mission</li> <li>• promotion of flexibility and innovation</li> </ul>	<p><b>Financial Discretion</b></p> <ul style="list-style-type: none"> <li>• ability to retain and re-invest surpluses</li> <li>• ability to operate commercially - domestically, internationally</li> </ul>
<p><b>Reform Initiatives</b></p> <ul style="list-style-type: none"> <li>• greater co-ordination of reform between jurisdictions</li> <li>• initiatives given time to settle down before further change</li> </ul>	<p><b>Regulation</b></p> <ul style="list-style-type: none"> <li>• elimination of disreputable RTOs</li> <li>• regulatory resources matched to provider nos.</li> </ul>	<p><b>Infrastructure Management</b></p> <ul style="list-style-type: none"> <li>• capacity to buy and sell and to manage utilisation</li> <li>• opportunities to invest</li> </ul>
<p><b>Funding</b></p> <ul style="list-style-type: none"> <li>• fewer, more strategic funding sources</li> <li>• greater ability for medium to long term planning</li> </ul>	<p><b>Training Packages</b></p> <ul style="list-style-type: none"> <li>• movement away from a monopoly training product</li> <li>• meeting needs of learners not (yet) in the workplace</li> </ul>	<p><b>Industrial Relations</b></p> <ul style="list-style-type: none"> <li>• introduction of flexible and contemporary awards</li> <li>• localised IR powers</li> </ul>

The fact that considerable variation exists between jurisdictions is symptomatic of the States and Territories seeking to differentiate their vocational education and training systems. This occurs at the expense of national coordination and consistency. Constantly subject to review and adjustment, many of the changes prove to be short-term. As previously highlighted, the effect on stakeholders and partners is to create confusion and frustration. The effect on the providers is to draw attention and energy away from strategic priorities and to hamper long-term planning.

This situation requires addressing as a matter of urgency.

**6. Australia’s workforce development needs will be better served by extending Commonwealth funded tertiary places to students in alternative pathways to those offered by universities.**

There are strong arguments that the current policy of limiting the allocation of CSPs in Higher Education almost entirely to universities is in conflict with the principles of competitive neutrality and of fairness and equity. It is also contrary to the Bradley Review’s stated advocacy for a consistent funding basis for like tertiary qualifications post 2010, and its warnings against allowing distortions of student choice because of different levels of public subsidy according to the sector in which programs are delivered<sup>21</sup>. More generally, restricting the availability of CSPs in this way is not the most effective way of ensuring skill demands are met or reaching government targets for participation.

Evidence is now emerging that some students who would not otherwise have gone to university can experience success studying Higher Education qualifications in the alternative setting available in public technical and further education providers. These providers are attracting students who are often in the workforce, mature-aged, studying in areas of skill demand and coming from backgrounds where the expectation of achieving a Higher Education qualification is less likely to be a given. They respond positively to the applied learning methodology and the interconnexion between learning and work that results from qualifications designed in conjunction with industry.

For students who are the first in their family to undertake Higher Education qualifications or who have not been offered a place in a university, the existence of a pathway from VET to Higher Education within the same institution is of considerable advantage. Many of these students commence a VET program without any clear intention to go further but, with strong support, and having established themselves successfully, gain the confidence to be able to proceed further. Box 4 shows the numbers of ‘first in family’ students in the Bachelor of Education (Early Years) at NMIT, which commenced in 2011. The numbers are significant and raise potential issues for attrition. Like all public technical and further education providers, NMIT has monitored this closely and has instigated a number of measures to support retention. First in family data is even higher in some other NMIT programs.

*Too many students at school are totally focussed on their ATAR, especially for university, and that is one way of entering university, but another way for a broad range of students is to articulate through a TAFE Diploma or Associate Degree to university.*

*The fact that students have actually come through a TAFE Diploma or Associate Degree, in many respects, actually guarantees that they are high quality students.*

Prof Ian Young, Vice-Chancellor  
Australian National University  
WIN TV, January 31, 2013

There is no valid reason why students like these should be discriminated against and their exclusion from access to CSPs represents a serious policy anomaly.

**Box 4: First in Family Students, Bachelor of Education (Early Years) NMIT**

	2011 Semester 1 Year 1	2012 Semester 1 Year 1
<b>Commencing Students</b>	60	59
<b>First in Family</b>	50	40
<b>%</b>	83%	68%

In this context, the Federal Government’s target that by 2020, 20% of domestic undergraduates are to be from backgrounds of low socioeconomic status (SES) is currently seen to be challenging. 2011 figures showed a 15.5% achievement nationally, representing only a slight improvement over 15.1% in 2008. More recent 2012 figures show the largest increase since 2009 in offers to low SES applicants compared with other applicants, but it is still the case that applications from students from low SES backgrounds are less likely to result in an offer.<sup>22</sup>

NCVER data compares the capacity of the Higher Education and Vocational Education and Training sectors to attract disadvantaged groups as shown in Box 5. It highlights that extending the availability of Commonwealth funded tertiary places to students studying Higher Education programs beyond those in universities would provide opportunities for new cohorts of students and assist in achieving government targets.

**Box 5: Australian Tertiary Students 2010<sup>23</sup>**

	VET	HE
<b>TOTAL STUDENTS</b>	1,799m	1,193m
• Indigenous Students	3.9%	0.9%
• Students indicating a disability	6.7%	3.2%
• Students from outer regional, remote or very remote regions	14.8%	4.8%
• Students from within the most disadvantaged quintile in the Index of Relative Socioeconomic Disadvantage	14.5%	9.8%

Source: NCVER, 2012, *Tertiary Education and Training in Australia 2010*, p.7

The accessible venues, smaller classes, work/industry relevance and closer teacher/student interaction that characterise the study environment in public technical and further education providers is far more likely to support success for some students.

This raises the question of how such places might be funded.

There is an ongoing debate in the sector about the long-term implications of the demand-driven system in Higher Education, particularly in relation to the lowering of ATAR scores as some universities move to enrol as many students as possible and the spiralling cost this involves to government. A recent report<sup>24</sup> shows that ATAR acceptance scores are at an all-time low. Forty-two per cent of school-leavers with an ATAR below 50 applied to university in 2012, and 25% were made an offer, more than double the 12% offered in 2009. Regional universities made an offer to almost everyone who applied.<sup>25</sup>

There are those who argue that this presents real issues of quality. In a recent paper<sup>26</sup> the Group of Eight Universities (Go8) highlight a range of these: student readiness for Higher Education; the signals that laissez-faire rather than merit-based admissions policy give to students to stretch themselves at school; the provision of capacity (physical and virtual infrastructure and teacher quality and quantity); the match of graduate supply with labour market requirements; and the ability of the federal government to fund increasing student demand.

The Go8 argues that if minimum ATAR entry requirements were applied, students who do not reach these requirements could be encouraged to seek a more appropriate alternative learning pathway, ‘for example through TAFE, work experience or sub-bachelor courses’. They state that the evidence suggests that short-cycle learning pathways enable less prepared learners to progress successfully through post-school education and that these options should therefore be enhanced and funded.<sup>27</sup> Go8 estimates show that significant savings could be made through this approach.

Contrary to this, there are those who take the position that reliance on ATARs as a predictor of academic performance is misguided and that claims of lowering standards are exaggerated and verging on elitism. They cite data published in the *Higher Education Base Funding Review: Final Report*<sup>28</sup> indicating that almost half of students who entered university in 2005 on an ATAR between 30 and 59 had completed by 2010.<sup>29</sup> Underpinning this argument is the view that all students with the desire to undertake a degree have the right to do so.

From yet another perspective, others focus on the issue of cost and the implications that open-ended funding of increased demand has for other educational priorities such as research. They highlight the danger of cost-shifting between the Commonwealth and the States/Territories as students finding easy access into Higher Education are encouraged to take this option rather than seek out the most appropriate training pathway for their needs. They express concern that this creates a funding environment that is untenable for Government in the longer term and likely to distort overall funding for tertiary education. This is further exacerbated by recent figures showing that the amount of student debt that will never be repaid to government has increased by close to \$1 billion in the past 12 months, to \$6.2bn.

Against that background at least five options emerge for funding places to students studying Higher Education programs in settings other than universities, as outlined in Box 6:

**Box 6: Funding Options for Extending Commonwealth Funded Tertiary Places to Students in Settings other than University**

**Option 1: Extend Eligibility** - Extend Commonwealth funded tertiary places to a wider range of students studying Higher Education programs in settings other than universities in the interests of more effectively delivering on Australia’s workforce development needs and creating a more diverse tertiary market.

**Option 2: Cap the Government Contribution to Funding for Places** - As for Option 1, but cap the Government contribution and allow institutions to charge fees to make up the difference.

**Option 3: Create Savings to Fund More Places** - Introduce a minimum ATAR and redirect the savings generated to support additional places for new cohorts of students in alternative pathways.

**Option 4: Strike a Different Formula for Non-University Places** - Apply a different formula for non-university places, omitting the research component. Funding arrangements might apply criteria that give effect to support government policy, for example:

- addressing priority industry areas and productivity needs
- improving qualification pathways
- boosting participation of people from low SES backgrounds or from rural and remote areas.

**Option 5: Introduce Direct Funding of Non-University Places** - Establish a mechanism for the Commonwealth to fund places in non-university providers directly on a contestable basis, using criteria such as those listed in Option 4.

TDA’s preferred option is Option 1.

## **CONCLUSION**

**A consolidated effort is required by all jurisdictions to unleash the capability of Australia's public technical and further education providers by recognising:**

- **the special role they play in the nation's education system and the value placed on it by communities, enterprises and industry**
- **the increasing contribution they are making to realising the vibrant tertiary sector required to secure Australia's future**
- **the emergence of mixed sector institutions appealing to new cohorts of students and enhancing the diversity of the tertiary sector**
- **the need for greater degrees of devolution to enable them to fully respond to industry needs and to government priorities**
- **the options available to prudently manage the extension of Commonwealth funded tertiary places to students in non-university Higher Education programs and the impact this could have on the achievement of government policy.**

**Attachment 1: The Functions of the Public University**

Audience Knowledge	AUTONOMY Academic Audience	HETERONOMY Extra-Academic Audience
Instrumental knowledge	PROFESSIONAL	POLICY
Reflexive knowledge	CRITICAL	PUBLIC

This vision of the public university recognizes four functions of the university. At the heart is professional knowledge, the knowledge produced in research programmes defined in the academic world evaluated by fellow academics. The knowledge can then be applied to the world beyond in the policy realm, but recognizes the interdependence of the two knowledges.

Burawoy, M, 'Redefining the Public University: Global and National Contexts' in Holmwood, J (ed) 2012 *A Manifesto for the Public University*, Bloomsbury Academic 2012

**Attachment 2: Public technical and further education providers registered as Higher Education Providers (HEPs) and their accredited higher education qualifications.**

**Table 1: STATE OF PLAY IN 2009**

INSTITUTION \ QUALIFICATION	HE Diploma	Associate Degree	Bachelor Degree	HE Grad. Diploma	TOTAL
Box Hill Institute of TAFE (Vic)	-	8	5	-	13
Canberra Institute of Technology	-	-	3	1	4
Challenger TAFE (WA)	-	5	-	-	5
Gordon Institute of TAFE (Vic)	-	-	1	-	1
Holmesglen Institute of TAFE (Vic)	1	3	9	-	13
Northern Melbourne Institute of TAFE (Vic)	-	7	9	-	16
Southbank Institute of Technology (Qld)	1	1	-	-	2
Swan TAFE (WA)	-	5	-	-	5
TAFE South Australia	-	1	6	-	7
William Angliss Institute of TAFE (Vic)	-	-	2	-	2
<b>TOTAL</b>	<b>2</b>	<b>30</b>	<b>35</b>	<b>1</b>	<b>68</b>

Source: Wheelahan, L, Moodie G, Billet S, Kelly A, 2009, *Higher Education in TAFE*, NCVER Monograph Series 01/2009)

Note that Challenger TAFE did not offer the degrees listed

**Table 2: STATE OF PLAY IN 2012**

INSTITUTION \ QUALIFICATION	HE Diploma	Associate Degree	Bachelor Degree	HE Grad. Diploma	TOTAL
Box Hill Institute of TAFE (Vic)	-	5	13	-	18
Canberra Institute of Technology	-	-	4	-	4
Chisholm Institute of TAFE (Vic)	-	-	3	-	3
Challenger TAFE (WA)	-	-	-	-	-
Gordon Institute of TAFE (Vic)	-	-	-	-	-
Holmesglen Institute of TAFE (Vic)	-	3	14	3	20
Northern Melbourne Institute of TAFE (Vic)	1	13	13	-	27
Polytechnic West (WA) (ex Swan TAFE)	-	7	-	-	7
Southbank Institute of Technology (Qld)	-	1	-	-	1
<b>Total TAFE NSW</b>	-	1	5	-	6
<i>TAFE NSW Hunter Institute</i>	-	(1)	(1)	-	
<i>TAFE NSW Illawarra Institute</i>	-	-	(1)	-	
<i>TAFE NSW North Coast Institute</i>	-	(1)	-	-	
<i>TAFE NSW Northern Sydney Institute</i>	-	(1)	(2)	-	
<i>TAFE NSW Riverina Institute</i>	-	(1)	-	-	
<i>TAFE NSW South Western Sydney Institute</i>	-	(1)	-	-	
<i>TAFE NSW Sydney Institute</i>	-	(1)	(3)	-	
<i>TAFE NSW Western Sydney Institute</i>	-	(1)	(1)	-	
TAFE South Australia	-	-	-	-	
William Angliss Institute of TAFE (Vic)	-	-	2	-	2
<b>TOTAL</b>	<b>1</b>	<b>30</b>	<b>54</b>	<b>3</b>	<b>88</b>

Source: Institute websites

**Notes:**

- Yellow denotes new since 2009
- TAFE NSW is the single registered Higher Education Provider for TAFE institutes. Qualifications are consistent across institutes
- Three institutes are no longer registered as HEPs.

## Acronyms

ACCI	Australian Chamber of Commerce and Industry
AQF	Australian Qualifications Framework
ANTA	Australian National Training Authority
ATAR	Australian Tertiary Admission Rank
COAG	Council of Australian Governments
CSP	Commonwealth Supported Place
CTP	Commonwealth Tertiary Place
Go8	Group of Eight Universities
HEP	Higher Education Provider
NVEAC	National VET Equity Advisory Council
NCVER	National Centre for Vocational Education Research
SES	Socio-Economic Status
TAFE	Technical and Further Education
TDA	TAFE Directors Australia
VET	Vocational Education and Training

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## References

- <sup>1</sup> Bradley, D, Noonan, P, Nugent, H, Scales, W, 2008 *Review of Australian Higher Education: Final Report*, Department of Education, Employment and Workplace Relations, Canberra
- <sup>2</sup> TAFE Directors Australia, 2010, *Blueprint for Australia's Tertiary Education Sector*
- <sup>3</sup> Bradley, 2008, *op. cit.*
- <sup>4</sup> The term public technical and further education providers is consistently used throughout this document as a generic descriptor to cover the diverse nomenclature applying to public Registered Training Organisations (RTOs) across Australia.
- <sup>5</sup> TAFE Directors Australia, *op. cit.* p.18
- <sup>6</sup> *Australian Qualifications Framework, First Edition* July 2011, Page 9
- <sup>7</sup> *Ibid*
- <sup>8</sup> TAFE Directors Australia, *op.cit.* p. 17
- <sup>9</sup> Australian National Training Authority 2004, *Shaping Our Future: Australia's National Strategy for Vocational Education and Training* 2004 -10, p.10
- <sup>10</sup> Stone, C 2012, *Valuing Skills: Why Vocational Training Matters*, Centre for Policy Development Occasional Paper 24, ISSN 1835-0135
- <sup>11</sup> *Ibid*, p.3
- <sup>12</sup> As at 2012
- <sup>13</sup> Burawoy, M, 'Redefining the Public University: Global and National Contexts' in Holmwood, J (ed) 2012 *A Manifesto for the Public University*, Bloomsbury Academic 2012
- <sup>14</sup> Twenty-six (26) of Australia's 40 universities are aligned with other universities nationally. University networks include the Group of Eight Universities (Go8) with 8 members; the Australian Technology Network (ATN) with 5 members; the Innovative Research Universities (IRU) with 7 members; and the Regional Universities Network (RUN) with 6 members.
- <sup>15</sup> NVEAC 2011, *Equity Blueprint 2011-2016 – Summary*, p. 4
- <sup>16</sup> Ultra Feedback, 2012, *Queensland Stakeholder Report*, TAFE Survey Queensland
- <sup>17</sup> NSW TAFE Commission, *Let's Talk About TAFE*, July 2013
- <sup>18</sup> Mitchell, J, 2011, *Creating and Adding Value: How Responsiveness by TAFE NSW Benefits its Customers*, p.7 (author's format)
- <sup>19</sup> Yarra Ranges Shire Council, *Submission to the TAFE Reform Panel*, August 2012
- <sup>20</sup> *Report of The Review of the Role and Function of Tasmania's Public Sector Vocational Education and Training Providers*, p. 71
- <sup>21</sup> Bradley, 2008, *op cit*, p. 185
- <sup>22</sup> *Undergraduate Applications, Offers and Acceptances 2012*, Department of Industry, Innovation, Science Research and Tertiary Education, Canberra
- <sup>23</sup> Note that the VET students in the table are predominantly students from public technical and further education providers as the data includes only publicly-funded training.
- <sup>24</sup> *Undergraduate Applications, Offers and Acceptance*, *op cit*
- <sup>25</sup> It should also be noted that these figures only represent offers; completion rates are still to be determined.
- <sup>26</sup> Group of Eight Universities, 2012, *Implementing an ATAR Cut-off for Admission to Bachelor Degrees* (unpublished paper) p.1
- <sup>27</sup> *Ibid*, p.4
- <sup>28</sup> Lomax-Smith, J, Watson, J, Webster, B, 2011, *Higher Education Base Funding Review: Final Report*, Department of Education, Employment & Workplace Relations, p.80
- <sup>29</sup> This compares with 62, 75 and 85 for students in the 60-79, 80-89 and 90-99 ATAR ranges respectively.