

REFORMING POST-SECONDARY EDUCATION IN AUSTRALIA

Perspectives from Australia's Dual
Sector Universities



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Executive summary

This paper has been prepared by the Vice-Chancellors of Australia's dual sector universities as a contribution to discussion about the future shape of post-secondary education in Australia. The paper draws on the unique role and the long and varied experience of dual sector universities in providing programs across the full range of AQF qualifications and more broadly in meeting industry, learner and community needs.

The 2008 Review of Australian Higher Education (Bradley Review) proposed a broader tertiary education system which recognised that *'although distinct sectors are important, it is also vital that there should be better connections across tertiary education and training to meet economic and social needs which are dynamic and not readily defined by sectoral boundaries.'*¹

Despite the Bradley Review proposals, connections between the higher education and VET systems have – if anything – weakened as differences between the systems in governance, funding and regulation have become entrenched. Enrolments in higher education have grown rapidly (although funding has now been capped) while VET enrolments in publicly funded courses are lower than they were a decade ago as public investment in VET has declined.

Several major recent reports have revisited the Bradley proposals for a more connected tertiary education system. Some have gone further and argued for a single integrated system.

Australia's dual sector universities are the only public institutions with a mandated role to operate across the full continuum of AQF qualifications in meeting the needs of the communities and industries they serve.

This report highlights the significant benefits available to learners, communities and industries when the capability of dual sector universities is realised through connected programs and student centred pathways. However, it also highlights how differences between the systems inhibit and frustrate the full realisation of the capability of dual sector universities and connections and pathways between higher education and VET more generally.

Proposals to develop a more coherent and integrated single tertiary education system have substantial merit but carry risks in terms of the cost and complexity of system integration and the loss of differentiation and diversity. They are also not likely to be agreed by the states and territories in relation to their roles in VET.

An alternative approach, based on the experience of the dual sector universities, is to retain the key characteristics and distinctive contributions of the current systems, to strengthen each system (particularly VET) where required, better connect the systems through a determined focus on student pathways and to carefully redress distortions between the systems created by anomalies and inconsistencies in funding.

This could be achieved through an overarching policy framework for the provision of post-secondary education in Australia agreed through the Council of Australian Governments (COAG), underpinned by a set of common policy principles to guide the individual and collective development of the systems.

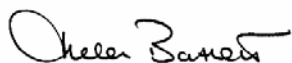
¹Bradley D. Noonan P. Nugent H. and Scales B. (2008) *Review of Australian Higher Education: Final Report* Commonwealth of Australia, Canberra.

The common policy principles proposed in this paper are:

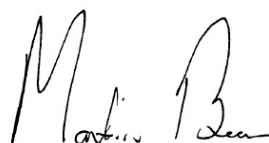
- Universal access for young people and lifelong learning for adults
- New and continuing learners make informed decisions
- Stronger, distinctive but better-connected systems
- Assessment and skills recognition support learner's access and progress
- Funding is demand driven, system neutral and priced to meet diverse needs
- Learning and work are integrated.

Based on the experience of the dual sector universities a set of achievable and practical reforms that would strengthen and also better connect the two systems under a common policy framework are:

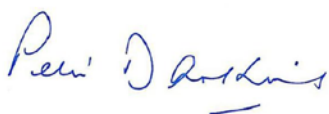
- Reforms to the Australian Qualifications Framework (AQF), particularly to support learner centred pathways across the continuum of AQF qualifications
- Modernising VET qualifications and their development to focus competencies on broad and future skills requirements
- A coherent funding framework for higher education and VET, spanning the roles of the Commonwealth and states and territories
- Extending work-based learning including apprenticeships into new industries and occupations in both VET and higher education through partnerships with firms, industries and the labour movement.



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The importance of higher education and Vocational Education and Training

Australia's higher education and Vocational Education and Training (VET) systems will play critical roles in shaping Australia's ongoing development as a competitive and innovative economy and a socially cohesive society.

The Australian Government Department of Jobs and Small Business forecasts that 96 percent of the 1.1 million new jobs projected to be added to the Australian labour market by 2021 will require skills produced in the higher education and VET systems. Growth in new jobs is reasonably balanced between the two systems. A diminishing proportion of new jobs will be available for people with only a secondary level education².

Young people seeking to enter the workforce without a post school qualification will face increasing disadvantage in finding work and are more likely to be in lower paid, part time and intermittent employment than those with post school qualifications. People already in the workforce without post school qualifications are more likely to lose their jobs and to find it difficult to find new jobs. Low levels of participation and attainment in education have major social and fiscal impacts in areas such as health, welfare, crime and reduced taxation revenue³.

Workforce participation levels will need to increase to offset the impact of changing demography. The Australian population will continue to rise even if immigration rates are reduced. However, the population is also ageing. There will be proportionally fewer people in the workforce supporting more and more people not in the workforce⁴. Vacancies in many areas of skilled employment (even in occupations in decline) will be created as more and more people retire⁵.

For workforce participation levels to increase, all young people will need to make successful transitions to the workforce and further learning. Participation by adults in further education and training will also need to increase. People will need to have a broad range of capabilities and attributes to successfully participate in the future workforce, particularly as technology drives changes across industries and occupations⁶.

People will need to deepen and broaden their skills in areas outside their current qualifications and occupations. They will need access to additional qualifications at both higher and lower levels and they will need to complement those qualifications with accredited and non-accredited shorter form training. They will need access to high quality work-based learning to develop and maintain the competencies and capabilities required in workplaces of the future.

² Department of Jobs and Small Business *Employment Projections*
<http://lmip.gov.au/default.aspx?LMIP/EmploymentProjections>

³ Lamb, S. and Huo, S. *Counting the costs of lost opportunity in Australian education*. Mitchell Institute report No. 02/2017. Mitchell Institute, Melbourne. Available at
<http://www.mitchellinstitute.org.au/reports/costs-of-lost-opportunity/>

⁴ Australian Institute of Health and Welfare (2015) *Australia's Welfare 2015*
<http://www.aihw.gov.au/australias-welfare/2015/working-age/>

⁵ Shah, C & Dixon, J 2018, *Future job openings for new entrants by industry and occupation*, NCVER, Adelaide. Available at https://www.ncver.edu.au/_data/assets/pdf_file/0026/2141783/Future-job-openings.pdf

⁶ World Economic Forum (2018) *The Future of Jobs*
http://www3.weforum.org/docs/WEF_Future_of_Jobs_2018.pdf

The higher education and VET systems in Australia

Australia has well developed higher education and vocational education and training systems which are well positioned to be the major providers of the skills, knowledge and capabilities required by younger and older learners for the future labour market.

The higher education and VET systems play distinctive and largely complementary roles - with some areas of overlap. However, they also differ in important ways. These differences help to create the diversity in provision and providers necessary to meet the broad, diverse and changing needs of the workforce. However, differences between the systems in policy, governance, funding, qualification design and delivery can also distort learner choices, limit student pathways and weaken one system relative to the other – as is currently the case in Australia with VET relative to higher education.

System diversity and system differences

The Australian Qualifications Framework (AQF) provides a single framework within which all higher education and VET qualifications are placed, but responsibility for quality assurance and delivery of qualifications is separated between the VET and higher education systems. The AQF provides policy guidance on pathways between VET and higher education - but in practice the two systems and individual institutions largely determine their own approaches to credit and pathways.⁷

The VET system

Under the AQF, VET qualifications span four levels of Certificates (including the trades), Diplomas, Advanced Diplomas, Graduate Diplomas and Graduate Certificates. Most VET qualifications are nationally recognised, as they are based on nationally approved competency standards. They are directly aligned to job roles and have a primary emphasis on the acquisition and demonstration of the skills required for performance in the workplace.

There are over 4000 Registered Training Organisations (RTO'S) accredited to deliver VET programs in Australia, including public institutions (mainly Technical and Further Education institutions), for profit private providers, not-for-profit industry and community providers and companies who deliver accredited training to their own staff. The VET system is regulated by the Australian Skills Quality Authority (ASQA) and by state regulators in Victoria and Western Australia. The size, scope and diversity of the Australian VET system is demonstrated by the fact that over 4 million people participated in some form of VET in 2017, including 1.2 million in publicly funded VET. However, many VET students are enrolled in or only complete relatively short courses or units of competence rather than full courses.

Funding responsibility for VET is shared between the Commonwealth and the states under agreements developed through the Council of Australian Governments (COAG). The states directly fund VET providers and the Commonwealth operates a limited income contingent loan scheme (Vocational Student Loans) for some Diploma and Advanced Diploma courses. The Commonwealth also provides extensive financial incentives for employers of apprentices.

⁷ Ithaca Group (2018) *Credit Pathways in VET and Higher Education: Research Report* Department of Education and Training. Available at <https://docs.education.gov.au/node/51846>

The higher education system

Higher education qualifications also include Diplomas and Advanced Diplomas but extend to Associate Degrees, Degrees, Graduate Certificates, Graduate Diplomas, Masters Degrees by Coursework and Research and PhDs.

Higher education qualifications are developed by the institution providing the qualification, either through self-accreditation (in the case of public universities) or through accreditation by the Tertiary Education Quality Standards Agency (TEQSA). All higher education providers must meet the requirements of the Higher Education Standards Framework (HESF) under Commonwealth legislation.

Higher education qualifications focus on the learning outcomes required for disciplines, professions and occupations with a strong emphasis on the underpinning knowledge, as well as skills in independent and critical thinking required to achieve learning outcomes. Qualifications for researchers additionally emphasise skills in the design, conduct, evaluation and reporting of research projects, recognising universities critical role in the Australian research and innovation system.

39 public universities dominate higher education provision in Australia, although over 100 non-university higher education providers are accredited to deliver higher education programs. There are over 1.5 million domestic and international students enrolled in Australian higher education institutions.

The Commonwealth directly funds higher education courses, mainly in public universities, however higher education students in public and private higher education institutions are able to access income contingent loans for approved higher education courses.

The Commonwealth also provides student income support for students in approved courses in both systems.

The role of public institutions

Public institutions play critical and enduring roles in the VET and higher education systems. Public universities and TAFE institutions are established under state legislation with mandates and requirements to meet the interests of the communities they serve.

The historic and internationally accepted role of universities as trusted institutions and sites for independent thought and critical debate, and in the preservation and advancement of important bodies of knowledge and the generation of new knowledge, are arguably more important now than ever.

Universities are at the centre of the Australian research and innovation system, through original and applied research, participation in international research collaborations, the application and dissemination of research outcomes and the training of researchers.

Despite the implementation of poorly designed competitive training markets, TAFE institutes remain the backbone of provision of key skills for critical sectors of the Australian economy, including through the apprenticeship system. They provide accessible and flexible high-quality teaching and learning providers to a diverse range of students in hundreds of locations across Australia.

They play an essential role in providing quality teaching and learning and support to learners without the prerequisite skills and knowledge to successfully participate in post school education, including young people who have not been successful in secondary education, Indigenous students and

students experiencing social and economic disadvantage. They have broader roles in community development including through partnerships with community providers.

Universities and TAFE institutions are the major and trusted providers in Australia's international education industry through both onshore and offshore provision.

The policy basis for funding for public institutions differs substantially between the sectors. Commonwealth funding for higher education is largely limited to public universities. Governments or the Australian Parliament have not supported proposals to introduce competitive funding in the higher education system, recognising the important roles, contributions and obligations of public institutions and their accountabilities to government and the broader community.

In contrast to this, in 2012 governments introduced fully competitive markets for VET funding, in effect treating public TAFE institutions as just another provider in a fully competitive market. Some state governments went further, stripping funding from TAFE for its role as a public provider and reducing course subsidies to levels that are not economic for high quality teaching and learning. Average national per student hour funding levels in VET fell from \$18.20 in 2008 to \$13.95 in 2014⁸ and by even greater amounts in some jurisdictions. As a consequence, public VET providers, including at dual sector universities, were forced to cut programs and staffing, close facilities and increase student fees. Some continue to face ongoing cost pressures from industrial agreements mandated by government but do not receive funding available to other public sector agencies to meet those costs, resulting in reduced levels of per student funding.

Some state governments have now moved to better recognise the core role of TAFE as public institutions. However, core funding for VET in most jurisdictions remains fully competitive and under-priced, placing TAFE institutions at a significant disadvantage relative to low cost private providers who, unlike public providers, can pick and choose which courses they offer and where they offer them, and have no obligations to meet industry and community needs.

A major consequence of the failure of recent experiments in VET markets is that VET quality assurance and accountability requirements and associated processes are characterised by a 'low trust' environment. This results in detailed input based compliance requirements and an aversion to innovation in qualification design and program delivery because of the risks of technical noncompliance - even where innovation would better meet learner and enterprise needs than existing, highly prescribed and outdated national VET products.

The role of dual sector universities

Many institutions now operate across the VET and higher education systems. Some universities and many other higher education providers own and operate RTO's and some RTO's - including TAFE institutes - with primary roles in the VET sector are also accredited to offer higher education programs.

Dual sector universities are public institutions already operating across the full spectrum of Australian qualifications for both domestic and international students.

The dual sector universities in Australia are:

- Charles Darwin University
- CQUniversity

⁸ Productivity Commission (2019) *Report on Government Services – Vocational Education and Training*. Productivity Commission, Melbourne p.5.17. Available at <https://www.pc.gov.au/research/ongoing/report-on-government-services>

- Federation University
- RMIT University
- Swinburne University of Technology
- Victoria University.

Collectively these universities enrol over a quarter of a million students across the higher education and VET systems.

Dual sector universities are in effect the only ‘full service providers’ with legislative mandates and obligations to meet community and industry needs across both the higher education and VET systems. Each dual sector university has its origins in institutions designed to meet the growing and changing needs of Australian industry and the increasing skills requirements of the Australian workforce. They are characterised by strong industry partnerships and a strong focus on applied learning.

Through these roles, dual sector universities are uniquely placed to understand the strengths and weaknesses of the current higher education and VET systems. They appreciate how improved linkages and connections between the systems could harness their collective capacity to meet the future needs of the Australian workforce and Australian society more generally.

Dual sector institutions already practice, and are in a position to deepen and spread, methods and structures which are increasingly important to the future of education, including their ability to operate horizontally across ‘eco-systems’ of learning and innovation, to design and deliver modular programs of learning and industry research that can be integrated with a range of different pathways and partnerships, and to develop and assess a range of critical skills and capabilities using digital technologies and credentials.

Dual sector universities are well established public institutions with deep experience within and across the sectors. They are ideally placed to act as institutions and sites of learning in which development of the tertiary education system of the future can be progressed, evaluated, extended and shared across the sectors and with other institutions.

Dual sector capability in practice

The distinctive role and contribution of dual sector universities and their role as sites for innovation in dual sector course delivery and design is highlighted in the following case studies.

CQUniversity Rockhampton – Embedding VET Units in Bachelor of Education (Secondary)

Chris Spreadborough, 44, had spent a career working in industry as a fitter and turner before deciding upon a new vocation as a high school manual arts teacher. Chris enrolled in a Bachelor of Education (Secondary) at CQUniversity and chose the Industrial Technology & Design (ITD) specialisation. It was only because of CQUniversity’s dual sector status that the required vocational skillsets of welding, cabinet making, graphics, manufacturing, woodwork and metal work could be embedded within Chris’s Bachelor of Education degree.

Each of these skill sets required specialised VET residential blocks, which CQUniversity can freely offer to its undergraduate degree students by working closely with its own VET teachers and utilising its extensive TAFE workshops and facilities. It is this unique dual sector specialisation which sees other universities in Queensland send their Bachelor of Education (ITD) students to CQUniversity for their vocational block training.

CQUniversity's experience as a dual sector university which enrolls students from non-conventional pathways enabled a high level of tailored study support for Chris, who quickly became a distinction and high-distinction student. Chris feels that the vocational elements of his Bachelor of Education degree being embedded within his course structure made for a more holistic, seamless and effective study journey.

Chris is now in his final year of study to become a manual arts teacher, and through his industry-interactions via CQUniversity, he is already fielding job offers (three offers in February 2019 alone) from local schools seeking manual arts teachers.

Federation University - Grampians Region Health Work Readiness Program

The Health Work Readiness program is a unique collaboration between the TAFE and Higher Education wings of Federation University with the major health providers in western Victoria, Grampians Regional Health, Wimmera Health and Ballarat Health Services. The program aims to meet the fast growing education and skills needs of the regional health authorities through an interconnected and carefully designed series of education and training pathways. These start with Certificate II qualifications in health delivered in schools via the University's VET in Schools program and is designed to attract students in their later secondary years to consider careers in the health professions.

These qualifications link closely to mainstream VET qualifications particularly the Certificate III in Individual Support and the Diploma of Nursing delivered through Fed Uni TAFE. These qualifications are tailored to the specific requirements of the health employers and framed as traineeships, ensuring that most of the training is delivered through the employers. The VET qualifications are linked to the delivery of specialised Continuing Professional Practice modules and to the Bachelor of Nursing degree.

The programs will expand to cover more qualifications, both VET and Higher Education, especially post-graduate health and health management programs as the needs of the health authorities grow in coming years. The program is underpinned by the development of an online portal which enables potential employers to contact students in the various pathways of the program regarding employment opportunities and a My Health Learning App which allows students to manage and track their progress in the program.

RMIT University – Associate Degrees

Since the introduction of the first RMIT associate degree in 2003, a qualification that occupies a unique position at Level 6 in the Australian Qualification Framework, RMIT has become a national leader in the design and delivery of associate degrees. RMIT now offers a range of associate degree programs in Engineering, Business Information Technology, Graphic Technology, Furniture and Computer Science among others.

RMIT has leveraged the unique characteristics possible at dual-sector institutions such as self-accrediting status and the provision of both vocational and higher education, to design and deliver the associate degree qualification.

The associate degree qualification responds to industry demands and student needs; providing a set of discipline-specific hybrid qualifications that seek to span and leverage the very best of vocational and higher education delivery. Associate degree programs can be achieved in 2 years of study, using intensive and flexible timetabling. They draw on RMIT's extensive history of applied and technical learning in a range of fields, and align those pedagogical methods with contemporary industry demand and student priorities.

A key feature of the associate degree is its status as a standalone qualification that can lead to graduate employability and serve as a pathway into bachelor degree study. Associate degrees therefore serve as an important pathway into a range of careers where industry demand is growing, and also as a learner-friendly building block towards more advanced and specialised study.

Swinburne University - Diploma of Applied Technologies, meeting the needs of future industries

Swinburne University of Technology is positioning itself as an Industry 4.0 leader within Australia and internationally. As part of meeting emerging workforce needs, Swinburne University of Technology together with the Ai Group and Siemens Australia, developed a Diploma of Applied Technologies. This program teaches the skills and knowledge required for para professional technical roles within highly automated manufacturing and engineering environments.

The program was able to be developed quickly, within 3 months, utilizing Swinburne's self-accrediting status. Drawing on existing research-based relationships held by Swinburne locally and internationally, the proposed curriculum was able to be tested and benchmarked, and an international advisory panel able to support the program's development and delivery.

Feedback received from industry stakeholders described the program as timely and necessary. It has filled a national gap where Industry 4.0 qualified specialists were required. All graduates who completed the program have secured employment or gone on to higher level studies.

Victoria University (VU) - School for the Visitor Economy

The School for the Visitor Economy is a cross-university school within Victoria University encompassing qualifications from Certificate II (AQF II) through to PhD (AQF 10) in the fields of tourism, hospitality and event management. The School offers multiple, seamless entry and exit points for students to access at different times in their careers, based on their individual requirements.

The visitor economy is one of the fastest growing industrial sectors in the world. In Australia, it employs almost 1.5m people directly and indirectly, equating to approximately 12.5% of Australia's workforce. The Australian industry is forecast to grow 4.1% per annum until 2026 and generate more than \$150bn per year. Much of the forecast employment growth in Melbourne's West, VU's heartland, is expected to be in the visitor economy.

Due to growth, change and innovation, many destinations and enterprises face new challenges in accessing the knowledge, skills and training necessary to embrace the opportunities afforded by the growth of visitors to Victoria and Australia. Skills gaps and recruitment shortages are anticipated with opportunities ranging from entry level roles in hotels, restaurants, event companies or visitor centres, to senior executive roles in private industry and government.

At the centre of the value proposition for the School and leveraging VU's dual sector status, is the following:

- The Associate Degree in Hospitality Management has a guaranteed pathway into the Bachelor of Business with two years (16 units) granted
- Students are able to exit after successfully completing Year 1 with a Diploma of Hospitality Management which is embedded in the first year of the course
- The structure of the seamless pathways means that a student who successfully completes all three years' units will graduate with three qualifications – Diploma of Hospitality Management, Associate Degree in Hospitality Management and Bachelor of Business.

Charles Darwin University (CDU) – integrated course mapping supporting student employability outcomes

CDU considers how all students can benefit from attending a dual sector university through collectively improving their employability outcomes post tertiary studies.

Vocational and higher education course mapping was identified as a critical dual sector opportunity that could support students in three ways:

- through recognition of prior learning, providing accreditation options to students into VET qualifications that gave them direct industry employment opportunities earlier than their undergraduate counterparts, while continuing with their studies
- integrate exit pathways into qualifications to support alternative exit points in a degree, ensuring that students can leave university with a qualification and enhance their employability outcomes even if they choose not to complete their full higher education degree and
- encouraging students to discover their credit options through an online CDU Fast-track Calculator. By selecting their prior course or a desired study program at CDU, students can quickly see how many credits they may receive towards their next qualification.

In 2018 the VET School of Community and Children's Services, English language, Literacy and Numeracy, and the College of Nursing and Midwifery completed their first course mapping, allowing a first-year undergraduate nursing student to receive recognition of prior learning into a Certificate III of Health Service Assistance. For students who take up this option, they can gain professional employment in their chosen industry much earlier than their counterparts, while continuing their studies. Allowing students to gain professional employment access into their chosen industry while continuing their studies gives them a 'competitive edge' in their profession, greatly enhancing their long term professional employability opportunities.

With an Industry 4.0 focus, CDU has partnered with SPEE3D to form the Advanced Manufacturing Alliance (AMA), a joint initiative to utilise a world-first 3D metal printing technology. This collaboration has enabled the AMA to engage with industry partners, trades and academics to develop real-world applications, create industry procedures and standards, and drive material development. Projects with VET include the development of a training program to operate the 3D metal printer and producing and validating manufacturing procedures and standards for the printer in partnership with CDU's College of Engineering, IT & Environment. The AMA has an Industry 4.0 VET apprentice who works alongside PhD students on a Cooperative Research Centre grant.

CDU will continue to investigate course mapping for alternate exit pathways in disciplines with typically higher attrition rates such as engineering. It is envisaged that this work will extend to mapping the VET in Schools programme, thereby presenting a lifelong learning continuum to the school aged population.

Key themes emerging from the case studies

The case studies highlighted above demonstrate how joint provision and coherent pathways between the VET and higher education systems can be developed and implemented to meet differing learner needs across industry sectors, in regions and with local communities. In these examples, dual sector universities have brought together the expertise, scale, partnerships and design capability to develop educational programs that successfully combine elements that have traditionally been kept separate by the structure of Australian post-secondary education.

The key themes running across these case studies are:

- That institutions have the capacity to develop or adapt programs across the continuum of AQF qualifications to meet the needs of specific learner cohorts, industries and occupations
- Programs are based on clear credit-bearing learner pathways with flexible entry and exit points and
- Industry support and industry partnerships are critical for learning and employment outcomes, enhancing relevance, quality and learner progression. These can be achieved by aligning learner pathways across AQF levels and qualifications with occupational and career pathways in areas of identified and emerging industry need.

However, the case studies – and other examples of collaboration and partnerships between the systems - have been developed and implemented *despite* differences in qualifications design, delivery and assessment requirements, accreditation standards, the approaches of system regulators, eligibility for public funding, access to income contingent loans and accountabilities to government agencies. The fragmentation, complexity and sluggishness of the wider systems of accreditation, funding and regulation currently stand in the way of developing and growing more innovative, relevant and cost-effective tertiary education activities.

For example, a higher education student exiting from a higher education qualification before full course completion to enter a VET program with credit would be regarded as having ‘failed’ under current performance measures. But if the same student was encouraged to complete the full higher education qualification before commencing their VET studies they would be ineligible for public funding in most jurisdictions, as they would then hold a qualification at a higher level than their VET qualification.

Differing approaches within industrial agreements to academic and teaching workloads, limitation of the capacity of institutions to flexibly deploy staff across the systems, and differences in roles and functions across various administrative and quality assurance systems also limit the development and delivery of relevant, high quality programs across those systems, and impose unnecessary direct and indirect costs which would be better directed to improving student experience and success.

There are marked differences in the scope for innovation in program development, delivery and assessment between the higher education and VET systems, with the inputs-based and low trust environment in VET actively discouraging innovation except where institutions are able to self-accredit their own courses.

Collectively these factors limit the capacity of dual sector universities, and other providers engaged in partnerships and collaboration between the higher education and VET systems, to translate the benefits and outcomes reflected in the case studies into innovation on a broader scale.

Reforming post-secondary education – policy principles

The 2008 Review of Australian Higher Education (Bradley Review) proposed a broader tertiary education system which recognised that *‘although distinct sectors are important, it is also vital that that there should be better connections across tertiary education and training to meet economic and social needs which are dynamic and not readily defined by sectoral boundaries.’*⁹

⁹Bradley D. Noonan P. Nugent H. and Scales B. (2008) *Review of Australian Higher Education: Final Report* Commonwealth of Australia, Canberra.

Several recent reports, papers and proposals from industry, consulting firms and researchers have reached a similar conclusion to that reached by the Bradley Review. The Business Council of Australia (BCA),¹⁰ KPMG¹¹, Mitchell Institute¹², Australian Industry Group¹³ and a growing number of sector leaders, analysts and commentators, have pointed to the self-defeating inadequacies of current policy and regulatory settings and have argued for these settings to be substantially reset. A range of major system reform proposals have been advanced to develop a more integrated and coherent tertiary education system.

Proposals to develop a more coherent and integrated single tertiary education system have substantial merit but they carry risks in terms of the cost and complexity of system integration and the loss of differentiation and diversity. They are also not likely to be agreed by the states and territories in relation to their roles in VET.

An alternative approach, based on the experience of the dual sector universities, is to retain the key characteristics and distinctive contributions of the current systems, to strengthen each system (particularly VET) where required, better connect the systems through a determined focus on student pathways and to carefully redress distortions between the systems created by anomalies and inconsistencies in funding.

This could be achieved through an overarching policy framework for the provision of post-secondary education in Australia agreed through the Council of Australian Governments (COAG), underpinned by a set of policy principles to guide the individual and collective development of the systems. Specific reforms – such as those outlined below – can then be developed, considered and gradually implemented without the risks inherent in major system redesign and integration.

Policy principles

Universal access for young people and lifelong learning for adults

Young people will need to be able to access and successfully participate in post-secondary education to gain the initial skills and capabilities required to enter the workforce and people will need to continually develop new skills over the course of their working lives. Lifelong learning in Australia will need to move from an aspiration to a practical reality for most people.

New and continuing learners make informed decisions

Young people should be able to access comprehensive, informed and accurate advice about the full range of options available through the VET and higher education systems. They should be encouraged to select senior secondary subjects that will best meet their needs and interests rather than to seek to maximise their ATAR scores. Course and career advisory and learner support services should meet the needs of increasingly diverse and older age cohorts, including people returning to formal learning with dated qualifications, people without prior experience in post school education and training and

¹⁰ Business Council of Australia (2017) *Future proof protecting-Australians-through-education-and-skills* BCA Melbourne. Available at <http://www.bca.com.au/publications/future-proof-protecting-australians-through-education-and-skills>

¹¹ KPMG (2018) *Reimagining tertiary education: From binary system to ecosystem* KPMG Australia. Available at <https://home.kpmg.com/au/en/home/insights/2018/08/reimagining-tertiary-education.html>

¹² Noonan P. (2016) *A New system for financing Australian tertiary education*. Mitchell Institute at Victoria University, Melbourne. Available from: www.mitchellinstitute.org.au

¹³ The Australian Industry Group (2019) *Realising Potential: Solving Australia's tertiary education challenge* Ai Group Melbourne. Available at https://cdn.aigroup.com.au/Reports/2019/REALISING_POTENTIAL.pdf

people holding international qualifications who may have no experience in the Australian education system.

Stronger, distinctive but better-connected systems

Post-secondary education should operate as a continuum of diverse and distinctive offerings through the VET and higher education systems which learners can access at different stages to meet their diverse and changing needs.

This approach would recognise the benefits of the diversity of provision and providers available through the current VET and higher education systems. However, the systems could be far more effectively connected by removing barriers to cross system collaboration and developing clear and well supported learner pathways between them.

Assessment and skills recognition support learner's access and progress

As learners continually acquire and develop new skills and capabilities it is essential that they receive recognition for prior learning in meeting course prerequisites and through credit where equivalent skills and knowledge can be demonstrated, including from informal and non-formal learning. This principle should extend to students leaving senior secondary education to help build direct pathways from secondary school to both VET and higher education.

Assessment should be used to assist students to move through qualifications and learner pathways in flexible ways as well as for formal certification of outcomes.

Funding is demand driven, system neutral and priced to meet diverse needs

A decade ago both the Commonwealth and state governments agreed to the principle of demand driven funding for VET and higher education to meet diverse and changing learner and industry needs. This approach recognised that these needs that could not be anticipated or met through traditional funding systems based on central planning and bureaucratically determined funding allocations.

However, demand driven funding was not properly implemented in VET. On the contrary, funding was reduced by most state governments and eligibility for individuals to access subsidised courses significantly constrained. After a period of substantial growth in higher education enrolments and participation, funding for universities has been capped to 2020 and the funding outlook after that is highly uncertain.

Imbalances in funding between the sectors, unequal access to income contingent loans and differing eligibility criteria for access to public funding currently distort student choices and hamper the development and provision of pathways between the higher education and VET systems.

These anomalies are clearly evident in dual sector universities where students from similar backgrounds enrolled in courses in similar fields of study can pay:

- no fees (in some states)
- part of the course cost through upfront fees
- the full cost of the course through upfront fees
- the gap between the full cost of the course and a loan limit
- part of the course cost fully offset by an income contingent loan or
- the full cost of the course fully offset by an income contingent loan.

These differences reflect differences in eligibility for access to subsidised courses and income contingent loans, and differing approaches to setting fee and subsidy levels between the higher education and VET systems.

Learning and work are integrated

Learners in both the higher education and VET systems need access to high quality work-based learning opportunities centred on the long-established models such as apprenticeships, internships and cadetships that help ensure that learners can meet workforce standards and requirements. People already in the workforce will also need to be able to more easily and effectively integrate work and learning, overcoming the many barriers older learners face in undertaking part time study or returning to full time study.

Reform proposals

Reforms to the Australian Qualifications Framework (AQF)

The Australian Qualifications Framework (AQF) is currently under review. Some of the reform proposals advanced in the AQF Review Discussion Paper include¹⁴:

- more effective mechanisms for recognising shorter form and micro-credentials within the structure of the AQF
- revising the AQF levels to simplify them and to remove inappropriate hierarchies in how the application of VET and higher education qualifications are described
- revising the AQF pathways policy so that pathways can operate more effectively across the VET and higher education sectors
- recognising the broad role of senior secondary school certificates in providing a range of pathways into VET and higher education including through direct entry (including with credit) as well as through the ATAR system and
- considering the potential benefits of a credit points system within the AQF for voluntary adoption by providers.

These proposals should be considered and assessed against the policy principles outlined above and in particular the extent to which they will enhance the expansion of pathways between the VET and higher education systems.

Qualifications should also be reformed so that students can choose units from qualifications from both systems, while preserving the integrity of primary qualifications. Subject to meeting pre-requisites, students should have options to supplement their primary qualification by choosing units from a range of VET and higher education offerings.

Modernising VET qualifications and their development

Changes to the current narrow and task-based competency-based training model in VET are long overdue. Based on the experience of the dual sector universities, the current VET competency model is overly focussed on narrow occupational tasks linked to current and often dated workplace requirements. A stronger focus on underpinning knowledge and skills and capabilities is required to ensure that VET learners are prepared for the future workforce in which people will work in a number of different jobs. The current competency model does not adequately prepare young people for

¹⁴Review of the Australian Qualifications Framework Discussion Paper (2019). Department of Education and Training. Available at https://docs.education.gov.au/system/files/doc/other/aqfrdiscussionpaper_0.pdf

further learning either in the VET system or through pathways into higher education. Competencies need to be defined and developed more broadly, supported by a stronger focus on quality teaching and learning and assessment, and with greater flexibility given to providers to develop and provide courses within the broad requirements set by competency standards.

Also based on the experience of the dual sector universities, the process for development of national VET competencies and qualifications also requires substantial reform to:

- better reflect the needs of different enterprises and to draw on the experience and expertise of VET practitioners and their substantial engagement with industry
- speed up the process of redevelopment of competencies and qualifications
- remove major inconsistencies in the level and amount of learning required for similar qualifications and
- facilitate credit based pathways and incorporate electives to prepare students to transition to higher education and recognise higher education outcomes in VET qualifications.

A coherent funding framework for higher education and VET

While the potential benefits of a single national funding system for higher education and VET are clear, it is highly unlikely that all state governments would agree to cede responsibility for funding VET to the Commonwealth – nor is it clear that the states should withdraw from funding VET altogether given the diversity of industry and regional needs that exists across Australia.

However, the Commonwealth and state governments should make a collective long term commitment to investing adequately and coherently in Australian tertiary education - that is, higher education and VET overall - to ensure that participation and attainment levels continue to grow, to meet the demands and challenges of a changing economy, population growth and population ageing and to reduce the growing gaps in participation and attainment between metropolitan, rural and regional communities and growing social and economic inequalities between people who have different levels of education and qualification.

To achieve this, the Commonwealth and the states should commit to developing a coherent framework for funding VET and higher education. They should consider a range of options to remove major anomalies between VET and higher education funding which:

- distort student choice
- create barriers to participation
- significantly limit the development and provision of pathways and joint delivery between the systems and
- limit the capacity of public institutions to meet community needs (particularly in areas of high cost provision, in areas of high population growth and in rural and remote communities).

Specific options for consideration could include:

- the progressive phasing in of a common and consistent income contingent loans scheme across higher education and VET¹⁵ so that no student in post-secondary education has to pay upfront fees

- the Commonwealth assuming responsibility for funding all AQF level 5 and 6 courses (which are offered in both VET and higher education) or courses where credit based learning pathways are negotiated between VET and higher education providers
- ensuring that learners can co-enrol in both higher education and VET without financial penalties and disincentives
- a new Commonwealth VET funding agreement between the Commonwealth and the states based on a commitment to co-finance demand driven growth in VET enrolments and participation and to remove incentives to shift costs
- a shared commitment to the revitalisation and renewal of TAFE through recognition of and funding for TAFE's role as a public provider and innovation in its methods of delivery and partnership
- the reinstatement of demand driven funding for undergraduate courses in universities in higher education¹⁶.

Extending work-based learning and industry partnerships

Most of the broader skills and capabilities required for successful participation in the future workforce require direct and sustained work-based experience for learners, and demonstration of skill and understanding in the workplace, to industry standards and expectations.

Industry and occupational structures are changing rapidly as the composition of Australia's economy and the needs of its population continue to transform. Many of the competences, attitudes, knowledge and understanding that workers will need to thrive in the future economy require innovation in the design, delivery and alignment of educational programs and experiences.

Work-based learning needs to play a fundamental part in helping learners to prepare and adapt. Reform of curriculum, assessment, delivery method and qualification structure present further opportunities for partnership between public education institutions and industry. The use of digital technologies to enable and integrate different learning experiences and sources of data, all create new possibilities for the use of work-based learning and for partnership between educational institutions and industry.

The apprenticeship model - that integrates paid work-based learning and experience with formal training – has potential benefits in areas beyond the traditional trades that it has served well over many years.

Apprenticeships can be offered across AQF levels including for researchers employed in knowledge intensive firms and at degree and post graduate levels.¹⁷ They need not be limited to the VET system. There is a strong case to extend apprenticeships to higher qualification levels and across the VET and higher education systems to meet the deepening and intensifying skills needs of Australian industry.

Current pilots for higher levels apprenticeships should be properly recognised and expanded through provisions in industrial awards and supported by:

¹⁶ The current Federal Government introduced financial caps on universities in 2018 and 2019, with funding levels from 2020 linked to population growth and subject to performance at the institutional level. The Federal Opposition has committed to the reintroduction of demand driven funding for undergraduate courses in universities from 2020.

¹⁷ Loveder, P (2017), *Australian apprenticeships: trends, challenges and future opportunities for dealing with Industry 4.0*, NCVET, Adelaide. Available at https://www.ncver.edu.au/data/assets/pdf_file/0029/1481456/Australian-apprenticeships.pdf

- the extension of Commonwealth employer incentives into new industries and occupations in both VET and higher education and
- through partnerships between firms and industries with VET and higher education providers.

Support could also be provided for short term and entry-level cadetships, internships and work placements for students to undertake and complete specific projects linked to their primary studies.

Dual sector institutions work extensively with employers, enterprises, community organisations, unions and labour movement organisations to create work-based learning opportunities, co-design education programs, deliver apprenticeships and work-based project opportunities, support learners to develop relevant experience and insight, and to design and deliver student learning and workforce development for whole organisations and communities at a time.

Working with industry partners across sectors to design, test and scale high quality new pathways and education programs, and to support access to learning opportunities for the wider workforce and community members, is another essential area for dual sector institutions and their partners across the education system in the coming years.

Conclusion

Individual system-based reforms to higher education and VET must be replaced by an overarching policy framework for post-secondary education in Australia, a framework which preserves the distinctive roles of the higher education and VET systems - while better connecting them - so that together they can help meet the future economic, social and demographic challenges facing Australia. Achieving this framework and developing it to better meet the needs and opportunities facing Australia's whole community of learners and workers in the years to come, needs to be a shared effort across sectors and institutions that have been historically separated by policy, jurisdiction and tradition. Australia's dual sector institutions are uniquely positioned to contribute constructively to the next stages of this shared agenda.

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