

BCA Future Proof Consultation

The University of Western Australia welcomes the Business Council of Australia's Future Proof paper, recognises its value as part of a national debate, and is broadly supportive of the paper's policy proposals.

UWA strongly believes that for Australia to continue to have a world leading tertiary education system it is important to seek and seriously consider ideas and opinions from those outside the sector, and an industry view is particularly relevant. While recognising that the role of universities is not simply to prepare students for the workplace, a university education does develop work-critical skills such as creativity, leadership, teamwork, and innovation – and ultimately these are the skills which will drive jobs and the economy in Industry 4.0.

UWA also believes in the importance and timeliness of an open and frank national debate, in which tertiary institutions accept that they might lose as well as gain, and in which we do not each seek to protect our corner, but rather to co-create a system to ensure the future prosperity of the nation. We have to embrace change and accept the uncertainty that comes with this – if the tertiary sector stands still and institutions fight to protect the status quo, we cannot expect to remain competitive as a sector or as a nation in a rapidly changing world.

The University has the following comments about the proposed tertiary education system and about the suggested funding model.

A tertiary education system for the future

UWA recognises the importance and value of a better integrated HE and VET system, and in particular the importance of lifting the status of vocational training. As Future Proof points out, there is a serious risk to our economy and to the interests of individual students if our funding and loans systems disincentivise vocational study.

Future Proof considers the split of HE and VET funding responsibilities between the Commonwealth and the States, and proposes a model to ensure that the sectors maintain their separate identities, that the government roles are clearer, and that funding levels for each sector are maintained. UWA questions whether Future Proof's characterisation of VET and HE as clearly separate sectors with different sorts of training and learners sufficiently describes either the present situation or the best possible future, particularly as there are several excellent dual-sector providers in Australia and it is a model which works well in other countries. UWA also wonders whether the BCA's proposals might have more boldly examined alternative models of government responsibilities, for example a transition to VET funding coming from the Commonwealth rather than the States.

The University broadly supports the idea of a new body to manage the funding model and market information system. The University believes that arms-length bodies of this nature can be highly effective at ensuring long-term policy consistency by providing independent expert advice to government, with the UK's HEFCE (now OfS) as a good example. Such an organisation could have a variety of responsibilities, but if the future tertiary system were as described in Future Proof then the proposed functions would be appropriate.

Funding model

Future Proof makes the case for a Lifelong Skills Account, and very sensibly suggests that there should be a more modularised approach to skill development, including allowing learners to construct their own qualifications. As we expect our current and future graduates to change profession several times over their working lives, there is significant merit in these ideas. While there is incontestably strong value in a bachelor/masters/PhD university model for the foreseeable future, we also recognise that universities and vocational colleges will have an increasingly important role in upskilling and retraining people throughout their lives, and our educational and funding systems need to facilitate this.

UWA notes that subsequent to the publication of Future Proof the Government has announced a combined lifetime limit for all tuition fee assistance loans, and this combined limit bears some resemblance to a Lifelong Skills Account. However, by also capping the total CGS funding institutions can the Government has effectively changed the funding system from a demand driven entitlement model back to an allocative system, and this means that the student-led nature of the BCA's proposals is impacted and limited, along with the opportunity for new providers to enter the sector.

In a general sense, UWA supports the principle that the contribution by learners should be based on the cost of the learning and the ratio of public and private benefit. The appropriate level of loan caps, and the balance of public to private contributions to the cost of tertiary education is complicated, however. A fee/subsidy model based on expected private/public benefit would presumably be based on retrospective data, and this data would not necessarily be a good indicator of future earnings if future work is impacted by technological and societal change as predicted.

The financial aspect of the debate is further complicated by the contentious nature of what sparse costing data exists, and by how the inbuilt cross-subsidy in the current funding model penalises research intensive universities. If teaching funding is to be fully cost driven then the existing research and infrastructure cross subsidy built into CGS funding needs to be transferred to research block grant funding. UWA looks forward to further discussion of this and to the availability of better cost data in future, noting that the Government and universities are already working together on this.

UWA is not convinced by the argument that there should be a separate fund for businesses to access to train their staff. Creating a second funding stream like this would be administratively complex, and the funding would be necessarily limited and therefore its distribution contentious. Instead the University believes that the interests of the student, taxpayer and businesses are better served if funding follows the student.

Next steps

We understand that the consultation process includes a series of roundtables in capital cities, and we look forward to participating in these.