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15 January 2018

Dear Ms Smith

Attached is the Deakin University submission to the national consultations being conducted on the Business Council of Australia's proposed tertiary education system as described in 'Futureproof: Protecting Australians through Education and Skills'.

Yours sincerely

A handwritten signature in blue ink that reads "Jane den Hollander".

Professor Jane den Hollander AO
Vice-Chancellor



Deakin University

Submission

Business Council of Australia's proposed tertiary education system

15 January 2017

PREAMBLE

Deakin University is pleased to contribute to the consultative process on the Business Council of Australia's proposed tertiary education system.

Deakin will always support initiatives to fund TAFE providers and TAFE students on a level playing field with universities and university students. We agree that this requires an equally supportive student loans scheme as in higher education, the removal of any compulsory fees and a strong level of commonwealth and state government financial support for a high-powered high-status vocational education and training system for Australia. There is an urgent need to rebuild the VET/TAFE system following sustained neglect by government and business across Australia, compounded by a series of disastrous private provider models that have lost a large amount of taxpayer's money and placed many students into VET loans for little or no private or public benefit. Above all the loss of confidence in the VET system needs reflection as this must be restored in order to create the level playing field.

Deakin is, however, strongly opposed to the 'tertiary model' that is presented in the Business Council of Australia document, due to the great risk it presents to the university sector. There is a highly successful university sector in Australia, funded for teaching and research, which has led to almost half our universities being in the world's top 400. The Australian university sector has carved out a role as a globally competitive international student destination: it is one of Australia's largest export industries and the largest service export industry. One wonders why anyone would wish to meddle with this success.

The 'tertiary model' proposes to merge a system that has been a policy failure, into a system which is an international policy success, and one that operates as a research and innovation driver as well as a higher education provider. We oppose this proposal for a single model/system that we see as reckless. Deakin University supports *fixing* the VET/TAFE system. A resourced TAFE sector operating on parity with higher education from a student cost perspective will compete with the higher education sector and constrain the size of the sector if it can deliver jobs to its students and graduates at the level, consistency and quality of the Australian university sector.

Deakin University would support the Business Council of Australia playing a leading role in building a national coalition in support of TAFE reform and investment. The University does, however, see that as requiring an 'accord' approach in deep partnership with relevant trade union organisations and the Australian Labour Party, the Greens, and with key non-government organisation so that the system created has bipartisan support, community support, and support across all the states and territories as well as the

national government. We respectfully suggest that the Business Council of Australia has, historically, a partisan image as ideologically locked on to the Liberal National Party Coalition, and just some years ago, its national director was a leading force behind the Hockey budget, which was widely interpreted as depressing GDP growth. This underlines the need for an 'accord' to establish a sustainable bipartisan outcome.

In Deakin's view, a key role for the business sector, led by the Business Council of Australia, should be to provide comprehensive guidance about the jobs and skills of the future and where both vocational and higher education should be focussing their training and educational effort. This forecasting should be extensive, intensive, and held to account over time for its predictive capability. This would also involve inputs from trade union and community sectors so that the best possible advice is available to education providers on their course provision.

Deakin University also proposes that the Business Council of Australia should conduct a full analysis of the failure of the VET/TAFE sector in recent decades and call out both the failure of policy design and the corrupt elements from the private sector. We support the thrust of the Business Council of Australia to re-launch an invigorated TAFE system but this should also be linked to a deeper analysis of past failures so that past mistakes are not repeated.

Deakin University's responses to the consultation questions follow.

DEAKIN UNIVERSITY'S RESPONSES TO THE CONSULTATION QUESTIONS

OVERALL TERTIARY SYSTEM

1 What is your view on the proposal to move to a tertiary model and why?

Deakin University supports strong and effective TAFE reform, not a 'tertiary model' – see earlier comments.

2 If Australia were to adopt a tertiary model, do you think the proposed five elements of the tertiary system (structure, funding, information, governance and lifelong learning) are appropriate, and why?

No comment – Deakin University does not support the 'tertiary model'.

COMPONENT ONE - STRUCTURE

3 Do you agree it is important that the two sectors (VET and HE) maintain a unique identity?

Deakin University agrees that the two sectors should maintain a unique identity, but with simple pathways for those who wish to articulate from vocational to higher education, and simple 'reverse articulation' models for higher education students to study vocational components.

4 The continuation of sector-specific standards and regulators are designed to support each sector maintaining their unique identity. Do you think any other mechanisms are needed to ensure each sector maintains their own identity?

No comment. VET regulation has been an historic failure due to poor policy settings, and a strong regulator of a revitalised sector can enter into a far reaching dialogue with TEQSA.

5 Do you think the proposed new institution (the body that will contract manage funding the LSAs and the market information platform) needs to differentiate between the two sectors?

Deakin University does not support the new institution as described.

COMPONENT TWO - FUNDING

6 What is your view on the proposal to create a Lifelong Skills Account, and why?

Deakin University believes this is a good idea as it creates parity between VET and higher education and a 'level playing field'. Deakin University assumes it is a maximum debt, say \$100,000 which, if the maximum is reached and then paid partly down (as lump sum or via tax surcharge) can then be borrowed back up to the cap, as with higher education now.

7 Do you support the principle that the contribution by learners should be based on the cost of the learning and the ratio of public and private benefit, and why.

In broad principle, Deakin University supports this position, but the definition of public and private benefit can be very subjective, particularly as the jobs of the future, and the economy in which they will exist, are increasingly hard to define, and generic skills can have a large public benefit. Student fees at TAFE should be modest and the larger part of the enterprise supported by government funding.

8 Do you think there should be a cap on the subsidy and/or the income-contingent loans? If so, how should the cap be determined?

The prior question which must be addressed is how the VET system moved into crisis with private operators and poor regulation, and what role any private profit seeking entities will have in the new system. A strong public TAFE system can be funded according to costs of different courses and the student could bear a similar ratio of cost as in the higher education sector. There should be no upfront student fees, unless the student chooses to pay upfront.

9 Do you support the establishment of a separate fund that businesses can access to develop their workforce, and why?

Deakin University does not support the establishment of a separate fund for businesses to develop their workforce. Business should play the larger role of steering the development of the VET curriculum to meet expected workforce skills gaps. This proposal for a separate fund will divert businesses into rent seeking and lead to lack of engagement with the TAFE system, as it can be bypassed for special deals.

COMPONENT THREE - SINGLE PLATFORM FOR MARKET INFORMATION

10 Market information has been an issue in tertiary education for at least a decade. What are the barriers to building a single platform, and how can they be overcome?

Deakin University recommends a focus on the TAFE sector and creating a platform in that sphere.

11 What new data sets will need to be created, and what current data sets will need to be accessed or linked?

No comment. This is a secondary issue.

12 What are your views on the Business Council's proposed approach for a learner's decision-making process (see infographic: The Tertiary System: helping learners make decisions)?

A standard insight, nicely presented.

COMPONENT FOUR - AGREE A SHARED GOVERNANCE MODEL

13 Do you agree with the proposed split of funding responsibilities between the different levels of government? If not, what alternative approach would you propose and why?

See earlier comments on need for an 'accord' approach in the Australian political system. This proposal should stick with the TAFE challenge.

14 There are some concerns that hard lines between levels of government in funding responsibilities can lead to perverse behaviour. If you have these concerns, what alternate model would you propose?

No comment.

15 Do you support state governments providing base funding to TAFEs to ensure their sustainability? If not, what approach would you propose to ensure sustainability?

Deakin University supports state government support to provide base funding for TAFEs to ensure sustainability in the sector.

16 What are your views on the proposed methodology to determine subsidy rates (see Proposal six)?

No comment – direct stakeholders need to negotiate this.

17 The governance model has been designed with safeguards to prevent cost-shifting between levels of government (see Proposals five and six) as well as cost blow-outs....Are these sufficient safeguards? If not, what additional safeguards would you propose?

Deakin University does not support the 'tertiary model', and while all these principles are important, they are linked to an over-reach in the institutional design.

18 The Business Council has proposed the creation of a tertiary system funding and marketing information institution to enact the decisions of government and a range of other responsibilities (see proposal thirteen).

18.1 Do you support the new institution being a not-for-profit company? If not, what governance would you propose and why would it be preferable?

Deakin University believes this should be federal government agency reporting to all governments.

18.2 Who should the Board be chaired by – industry or government, and why?

Deakin University believes that a Deputy Secretary of the Department of Education and Training should chair this board.

COMPONENT FIVE - CREATE A CULTURE OF LIFELONG LEARNING

19 What are your views on adopting a more modularised approach to skill development to support lifelong learning?

Deakin University believes that this is now an accepted global trend and the VET sector should be able to respond.

20 Do you support established workers being able to use their LSAs to fund self-constructed qualifications?

The answer to this depends on the detail of the proposal. The VET sector needs strong industry guidance as to skill demand, but workers will also be aware of their own skill gaps. 'Design your own diploma' may remove accountability from VET and employers to design a system that generates the skilled workers Australia needs.

21 What role do you think business should play in creating a culture of lifelong learning?

Deakin University believes that business should make it standard practice for workers to take further approved study in the vocational and higher education sectors, for example by paying 50 per cent of the student contribution and giving some time off for study to help create the lifelong learning culture.

CONCLUSION AND RECOMMENDATIONS

Deakin University recommends that the Business Council of Australia:

- Focus the proposal on the much needed reform and rebuilding of the VET/TAFE system and abandon the quest to design a single tertiary system. Such a quest puts the successful university sector at risk, damages partnerships between TAFE and universities and will take VET reform into another dead end.
- A reformed VET/TAFE system, supported by a government funding and loans arrangement similar to the university sector, will level the playing field and contain the growth of universities through its competitive strength.
- Develop an 'accord' approach to VET reform by developing a national TAFE proposal in partnership with the union movement, the Labor and Green sides of politics, *and all* state governments - to create a TAFE rebuilding coalition that can produce lasting national changes with impact across different state jurisdictions.