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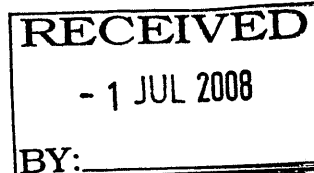
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### **Submission on the Vocational Education - Higher Education Interface**

I am taking the opportunity raised by the Review's Discussion Paper to offer a personal submission on this aspect of the Review's terms of reference.

Because of a planned absence from Australia throughout July, this submission is of necessity brief. While brevity requires no defence, it does mean that I must make some assertions about evidence without detailing the underlying research, mostly derived from NCVET studies.

#### *The Prime Issue*

I address the issue of whether the tertiary sector should be taken as a whole for planning and policy. I believe the answer is clearly yes, but that the present distinction drawn between VET and higher education is misconceived not because the sectors should not have different centres of gravity but because the dividing line is drawn at the wrong point in the continuum, leading to adverse consequences from present sector-specific policies.

In my view the prime issue facing Australian tertiary education is whether present structural and funding models and associated policy frameworks are likely to meet reasonably projected future skill formation demands. The weak point is in the relationship of VET to higher education and an associated fault line within the VET sector.

Reform initiatives in earlier periods often began with institutional restructuring: the beginnings of a mass education university sector in the 1950s, the creation of colleges of advanced education in the 1960s, the invention of a national TAFE system from 1975, the folding of colleges into new generation universities in the 1980s. Not seldom this punctuated evolution resulted in major upheavals, although almost certainly with long-term benefits.

During the 1990s, the focus turned to the use of funding mechanisms as the primary vehicle of reform; within vocational education there have also been measures to control what is taught and how it is delivered through bureaucratic structures established to determine prescribed competencies and accredit outcomes. This alternative reform path may have resulted partly from fatigue with the consequences of structural change and, perhaps, suspicion that earlier reform intentions were excessively subject to provider capture.

I argue that both policy settings and demand trends are leading to an irreversible split in the present VET sector between Certificate I - III vocational programs and higher level awards and that this process should be facilitated by a planned evolution to new forms of institutions.

As always, these new institutions are not without historical precedent or present manifestations.

#### *Policy change in VET*

It is clear that the major emerging policy stance in VET is a renewed attempt to spread the use of contestable funding. This expansion of the User Choice approach of the 1990s is supported by some States and opposed by others, but is likely to become the dominant theme of future federal initiatives. There are major challenges to its implementation in most states, but it may reasonably be expected to flow through the sector eventually.

The key to successful implementation of market and quasi-market strategies in the provision of public services is ensuring that price signals or subsidies reach those who make the decision to use the service; in this context, the decision to undertake training. User choice, applied to training under contracts of training, is primarily directed to employers of trainees, despite some rhetoric implying that it is an equal choice of the trainees. This is appropriate and effective. It is less effective for individual students who undertake equivalent training on their own initiative, but this is not the most common pattern and the scheme could be developed to accommodate them.

This is not the case for students in higher level awards, especially at associate diploma, diploma and TAFE degree level. As indicated by student surveys, many of these students are either taking time out from the workforce or are seeking to change their present employment to an associate professional career. Case study research by NCVER, although limited, also indicates that even where students are in relevant employment, the decision to train is overwhelmingly taken by the individual, with any employer support a consequence of the individual's decision. This is common practice in public sector organizations and large corporations which have generic policies to support training by staff.

Equally, attempts to prescribe required competencies and to entrust accreditation to Industry Skills Councils are misplaced at this level. Occasionally, attempts to do this, for example, to reduce the famous East Sydney College Art Diploma to CBT format, have been met with warranted hostility and derision. VET Diplomas are constructed to be equivalent to at least the first two years of a university degree, and ISCs can never have the specialist knowledge or disciplinary depth to judge the academic standing of these programs. This is not to say that persuasive industry advice on required skills is inappropriate: universities have long managed to integrate such advice into their academic planning, without allowing it to subsume other considerations.

#### *Skill demand and education sectors*

The Review's Discussion Paper refers to CEET research which indicates that the greatest future demand for skills will be directed towards VET-delivered training and to Professor Birrell's estimates that skill needs in areas delivered by the Higher Education sector will be the more significant. These views are placed in better perspective by considering the findings of NCVER labour market research by Cully and others that the fastest growing occupations now and in the future are and will be those designed to be met by VET associate professional qualifications.

Other more limited NCVER research supports strong experiential evidence that these associate professional vacancies are in fact very often filled either by trade and similar qualified employees working at higher levels or, increasingly, by holders of university degrees. In some cases holders of VET diplomas are at a disadvantage because of employer

perceptions that they lack the generic skills which universities claim to impart; the aspiration by providers (and policy-makers) that employers at this level place a greater emphasis on immediate technical skills is not well supported. While it is not a significant cost burden to individual employers to hire graduates in place of diplomates, it entails a serious misallocation of resources in the VET and higher education sectors.

#### *Intersectoral transfer*

A further significant consideration in the present framework is the minimal interconnection between the higher education and VET sectors in terms of student/graduate transfer. Despite several decades of sustained effort, many memoranda of understanding and other formal constructs, the transfer of students with credit between sectors remains astonishingly trifling. In many cases it is no better in combined-sector institutions than between separate institutions.

#### *The need for structural reform*

In summary, despite the strong empirical evidence that the greatest skill shortages into the future will be at associate professional level, the provision of training at this level is distorted by:

- Funding mechanisms which do not provide adequate signaling to real market decision-makers
- Training content and accreditation prescriptions which are inappropriate to purpose and inadequate to the academic depth of this level of award
- Perceptions in the community and among employers that the imposition of VET sector standards and guidelines diminishes the value of the qualifications obtained in contrast to university awards
- Minimal recognition and transfer between associate professional and professional level training and institutions, reinforcing the perception problem as well as introducing its own barriers to lifelong learning and career progression for individuals

The current opposition to the provision of nursing degrees in a well regarded Institute of TAFE in Victoria highlights the perception issue, no doubt compounded by the relatively recent elevation of nursing training to degree standard. On any rational policy basis, the same institution should be able to offer associate professional (enrolled nursing) and professional level (registered nursing) training seamlessly. However, the application of VET-sector requirements to associate professional training introduces a significant barrier to treating these studies as a continuum. In short, the dividing line is currently drawn at the wrong point.

#### *Institutional innovation*

The need is now pressing to look at the design of the provider institutional framework and to encourage the growth of a Polytechnic sector in Australian tertiary education. The absence of what is described by the OECD as short-cycle higher education institutions in Australia has often been noted in comparative studies with European and North American systems. There is room for some experimentation in the form of a Polytechnic sector. Such a sector could be viewed as a spectrum embracing:

1. Universities with a Division offering associate diploma and diploma courses
2. A semi-autonomous Polytechnic within a university
3. An autonomous Polytechnic with some or all of its awards within a university's accreditation umbrella

4. Fully autonomous Polytechnics utilizing the same accreditation machinery, including delegated or eventually self-accreditation, as private higher education institutions, but not accredited through VET sector mechanisms

I have described this as a facilitated evolution and it would be prudent to minimise unnecessary costs and disruption from the overnight creation of new entities; physical separation of facilities and buildings is not a high priority. Separation would at least start at the level of naming and branding and academic administration.

Option 1 would be a fairly easy course of action for present dual-sector institutions, which could make their own decisions about internal faculty structures.

Option 2 would involve designating VET/TAFE sector programs as constituting a Polytechnic and linking them academically to a university and its academic quality and accreditation machinery; it may utilize some of the mechanisms of Option 3.

Option 3 is in fact an historically well tested protocol in Australia. One example is the former South Australian School of Mines/Institute of Technology which at degree level functioned as a faculty of technology of the neighboring University of Adelaide (and offered its higher programs at various sites throughout the state). Colleges of Divinity which operate as faculties of Theology in a host university are a common current model.

Option 4 is the present model adopted by several effective private sector higher education institutions.

This model allows ample scope for competition but not through funding directed towards employers who are not normally decision-makers with respect to this level of training (or no more so than with university training).

#### *Conclusion and recommendation*

Tertiary education in Australia needs to be developed within a coherent policy framework. This in turn requires that where there is a policy dividing line, such as in matters of funding and accreditation, it should be drawn at a position in the spectrum which does not create perverse policy consequences through poor targeting.

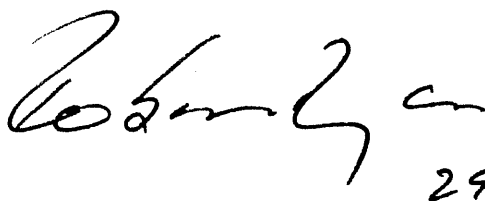
It has frequently been noted that in comparison to international peers, Australian tertiary education lacks a clearly delineated short-cycle higher education offering. The most solidly based labour and training market projections indicate that this is having an adverse effect on meeting skill needs and in promoting career opportunities for individuals.

The facilitated evolution of a Polytechnic sector would respond to this defect of the current framework. It can be introduced with little cost and disruption by utilizing a range of structural options, which have the benefit of promoting appropriate competition while also encouraging inter-sectoral cooperation.

Although this submission concentrates on vocational higher education with immediate employability intent, the present TAFE system also provides important areas of remedial and catch-up education, with immediate equity but only longer term employability outcomes. Not only are these programs unlikely to operate in any plausible VET sector quasi-market, neither is the expertise of industry usually directly relevant to their curriculum development. The professional expertise required here is essentially pedagogic, often of a specialist kind. They

probably fit most comfortably into the Polytechnic sector, but that is a matter for separate decision.

This proposal is probably not suitable for immediate determination by the present Review. I would recommend that the Review propose further work in this area to develop a strong evidence base for policy, but also indicate that it considers the emergence of a short-cycle, Polytechnic style sector a desirable future direction for Australian tertiary education.



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The author:

Robin Ryan taught political science and economics in NSW universities in the 1960s and 1970s and since 1995, educational management at Flinders University in SA. In between academic careers, he was Senior Education Officer, Superintendent (Research) and Assistant Director (Policy and Higher Education) in SA TAFE. In that capacity he was involved in many of the reviews and inquiries which developed the national training reform agenda in the 1990s. In 2000 he was a Reviewer (with Peter Kirby and Darryl Carter) of TAFE Governance in SA and in 2002 Ministerial Reviewer of the Role and Function of TAFE Councils. He currently serves on the Research Selection Panel of the NCVET and on its Editorial Board.