



REGIONAL UNIVERSITIES NETWORK (RUN)

Submission on the BCA's paper *Future Proof: Protecting Australians Through Education and Skills*

Introductory remarks

The Regional Universities Network (RUN) welcomes the opportunity to comment on BCA's paper which outlines its vision for the future of education and training in Australia and proposes new funding and administrative arrangements for the tertiary education sector. The proposed arrangements are intended to address current weaknesses such as the existing siloed approach to higher education and VET operations, and community perceptions that the VET sector offers students a less attractive education proposition than higher education.

The BCA paper proposes many suggestions including the introduction of:

- A single, sector neutral funding model across the tertiary sector underpinned by government subsidy (driven by student vouchers) and student contributions. The unique identity and mission of the higher education and VET systems would be retained.
- A shared governance model that defines the roles of government and industry, establishes a body to manage the funding model and market information system, and allows governments to manage their expenditure and priorities.

Australia's tertiary education system involves approximately 5 million students/year (including many international students) undertaking programs ranging from certificate level to doctoral qualifications; institutions of widely varying scale, mission, degree of autonomy and governance provisions; and extensive stakeholder engagement arrangements involving all levels of government, local communities, industry and professional bodies, and other education and research facilities in Australia and globally.

By providing the VET sector and its students with equivalent access to government funding and improved access to market information, the model may deliver benefits to the VET sector even after taking account of the associated costs and risks. The potential benefits for the higher education sector and its students are less clear than for the VET sector. Some of the claimed benefits (such as access by students to better information and a more seamless transition between the two sectors) are already available or under development in higher education. The proposed approach would be complex and risky to implement and impose a new, highly centralised administrative framework. Elements of BCA's approach have been proposed in the past but have failed to gain traction – for example, the West Review of Higher Education in the late 1990s advocated unsuccessfully for the introduction of a student learning entitlement mechanism across the tertiary sector.

Despite these reservations, we recognise the need for a serious conversation about tertiary education and enhancing pathways for students between the VET and higher education sectors. As noted below, RUN universities are among the leaders in this area and offer a significant share of Australia's enabling programs. However, articulating qualifications work best in some professional disciplines such as health, IT, engineering, agriculture, marine science etc., but not so well in generalist degrees. There are many students who have a clear preference for or interest in either VET or higher education, but not both.

Regional Australia needs **both** more higher education graduates and graduates with higher level VET qualifications.

RUN universities

RUN comprises six universities with headquarters in regional Australia: CQUniversity, Federation University Australia (Fed Uni), Southern Cross University (SCU), the University of New England (UNE), the University of Southern Queensland (USQ), and the University of the Sunshine Coast (USC). RUN universities play an important role, educating over 130,000 tertiary students, including 115,000 higher education students¹ (about 9 per cent of Australia's total higher education enrolments), employing more than 7,300 higher education staff², and managing annual revenues of \$1.7 billion and combined assets of \$3.6 billion³. They deliver services through more than 60 campuses and learning centres, encompassing all states except Tasmania. They are among the leading employers in their communities.

Through their teaching and learning, research and innovation, and regional development and service functions, regional universities make a fundamental contribution to regional Australia and the 30 per cent of Australians who live there. Regional universities have made strategic decisions to invest in those areas of education and research that resonate with the needs of their regions and which enable them to make strong contributions to regional development. They help to educate their communities' future professional workforce and enhance the social and cultural amenity of their regions through the contributions of their students, staff and facilities. Sixty to eighty percent of RUN graduates are employed in regional Australia within months of graduating.

RUN universities have strong connections with their communities and other educational providers including schools and VET. Students in regional and remote Australia move relatively frequently between the VET and higher education sectors, reflecting the close relationships which often exist for pathways, articulation and infrastructure-sharing between institutions from both sectors in the regions.

Two RUN universities are dual sector institutions delivering vocational education and training programs to around 17,000 students in addition to higher education programs. Three RUN universities host, or plan to host, university colleges which deliver a range of secondary and post-secondary programs.

RUN universities are also major providers of enabling courses which are non-award courses which prepares students for general and/or discipline specific university study. A third of Australia's students who undertake enabling programs study at RUN universities.

Compared with major metropolitan universities, the proportion of students at RUN universities who are admitted as traditional year 12 school leavers on the basis of their ATAR score as is relatively low. Many RUN students are admitted on the basis of alternative criteria and articulation pathways, such as vocational qualifications gained as part of secondary or post-secondary education, other higher education study, and relevant work experience.

¹ Department of Education and Training, 2017, Selected Higher Education Student Statistics, 2016

² Department of Education and Training, 2016, Selected Higher Education Staff Statistics, 2016

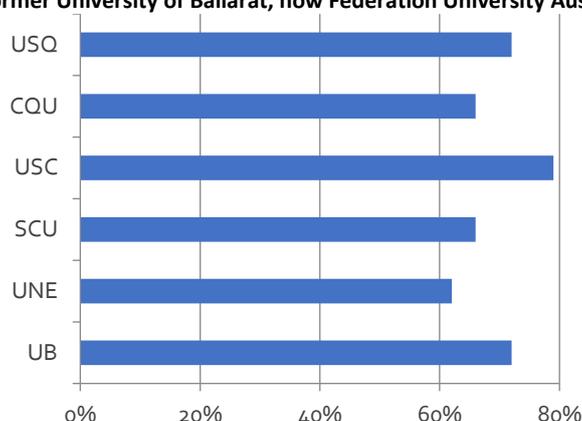
³ Department of Education and Training, 2016, *Finance 2015, Financial Reports of Higher Education Providers*

RUN universities are committed to improving student access, participation and success. However, there still exists a significant gap in higher education attainment (and Year 12 school completion) between the regions and major cities. RUN universities are playing a leadership role within the sector, both individually and collectively. Individually, each university offers an extensive range of student-focused programs and services.

Outreach activities from universities to schools, such as those funded under the Higher Education Participation and Partnerships Program (HEPPP), designed to increase and support the participation in higher education of students from low SES backgrounds and other equity groups at university, has assisted both regional students and regional universities. The program has been crucial to informing students about post-school education and training.

People who study in the regions largely stay in the regions to work. A study undertaken for RUN⁴ using Graduate Careers Survey data on the employment location of a graduate approximately four months after graduation, showed that, between 2007-2011, between 60-80 per cent of RUN graduates with Bachelor level qualifications were initially employed in a regional location. The data is shown in Fig. 2:

Fig. 2 Percentage of Bachelor level graduates that were employed in a regional location at the survey census date, 2007-2011. Please note that UB refers to the former University of Ballarat, now Federation University Australia.



A report by Cadence Economics for Universities Australia has estimated that for every 1000 university graduates entering the workforce 120 new jobs are created for people without a university degree.⁵ Regional universities therefore boost regional employment more broadly than just through their graduates.

Hillman and Rothman (2007) referenced in ACER (2011)⁶ found that students who leave regional areas to study in an urban institution are unlikely to return – 74 per cent of regional students remain in cities after graduation.

⁴ RUN, 2013, *Economic Impact of the Universities within the Regional Universities Network*, page 10. Available from http://www.run.edu.au/cb_pages/news/Economic_Impact_Study.php.

⁵ Cadence Economics, 2016, *The Graduate Effect: Higher Education Spillovers to the Australian Workforce*. Report for Universities Australia. Available from <https://www.universitiesaustralia.edu.au/Media-and-Events/commissioned-studies/The-graduate-effect--higher-education-spillovers-to-the-Australian-workforce>

⁶ ACER (2011) 'Higher education & community benefits: The role of regional provision', *Joining the Dots*, Research briefing, Vol 1, No. 5, September 2011

Responses to Consultation Questions

OVERALL TERTIARY SYSTEM

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

While RUN supports greater articulation and linkages between higher education and VET where relevant, we do not support a centralised, single tertiary model/funding system.

The problems associated with VET, including chronic underfunding due to the states cutting funding, and the operation (and failure) of high risk, private providers, should not be exported to higher education. A tertiary model could erode quality and the reputation of higher education institutions.

Many students who wish to undertake tertiary study have a clear preference for either VET or higher education, and not all courses, particularly non-professional ones, clearly have articulation pathways between the two sectors.

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?

RUN does not support a tertiary model. If such a model was adopted, quality should be an element of such a system. The other elements proposed by the BCA appear appropriate.

COMPONENT ONE

STRUCTURE

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

Yes, it is important that the two sectors maintain a unique identity. The issues, approaches, and students are commonly different.

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

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

The new contract managing body will need to differentiate between the two sectors given their different governance arrangements, missions, legislative basis etc.

COMPONENT TWO

FUNDING

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

A Lifelong Skills Account has some merit to streamline support. The title may need revision to broaden its appeal e.g. A Lifelong Skills and Education Account.

- 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 principle, yes, but, in practice, there have been various relevant exercises to estimate the cost of teaching and learning in higher education over the last 10 years or so, and most have ended in little or no change to the funding regime and contribution by government and students.

Many of RUN's students are mature age and/or part-time, and increased student contributions may deter some students. An up-front fee would add to the financial burden of low SES students in particular.

- 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?*

RUN does not support a cap on the subsidy and/or the income contingent loan. Many of our students are part-time and/or mature age, and from low SES backgrounds, and may undertake a number of courses. It is important that they have access to income-contingent loans.

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

There may be a case to support SMEs develop their workforce in such a way, but the performance of any relevant, existing programs should be assessed.

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?*

The barriers to building a single platform are probably the different data available from both sectors and the different needs and interests of stakeholders.

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

The Department of Education and Training would be best placed to advise on this 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)?*

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?*

We agree with the proposed split of funding responsibilities, but the key issue is that, overall, sufficient funding must be available.

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?

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?

State governments should provide adequate base funding should to TAFE in the long-term to ensure their sustainability.

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

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. These include:

17.1 Proposing that each level of government commit to maintaining current funding levels for 10 years, with a review at five years.

Long-term funding security, and adequate base funding is needed for the tertiary education sector. Current funding levels are insufficient.

17.2 Proposing that when a government transfers funds to the new institution, the new institution will quarantine the funds for each jurisdiction's use

17.3 Proposing that responsibility for qualifications eligible for ICLs rests with the same level of government that fund ICLs (the Commonwealth)

17.4 Proposing that the government that funds the qualification also sets the subsidy provided

17.5 Proposing that governments will determine the level of fee deregulation for each student cohort, including whether providers will be permitted to charge above cost-reflective price and margin

17.6 The ongoing monitoring of all funding across the two sectors. Are these sufficient safeguards? If not, what additional safeguards would you propose?

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?

Yes, if it is to be established

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

The Board should be chaired by the best candidate – someone with high levels of credibility within the tertiary sector, government, industry and the broader community.