

Response – Future Proof BCA

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Overall tertiary system

1. The proposed tertiary model from BCA is the first common sense response in a policy vacuum from government as well as the sector representatives ACPET, TDA, COPHE and UA. Tertiary education is exactly what it states – post-secondary education whether it is vocational education and training (VET) or higher education (HE). It also encompasses shorter courses that build on work experience and do not need to be long and involved formal qualifications. The divides that have been built up over the past 3 decades have placed university education as the apex with other tertiary outcomes ranked below. The greatest challenge will be to recalibrate the culture of schools and school career counsellors to see VET education as a genuine outcome that would be advertised in the school website as much as numbers of university entrants are.
2. To elevate VET to an obvious choice for students the tertiary model is needed. The status of VET has long been debated as to why the ‘brand’ has been degraded for so long. The uncertainty that is state and federal funding of VET has caused much of the trouble in giving consistent options to students deciding where to get the best return on investment for time and money spent. Universities have had the luxury of knowing that students once enrolled they are paid for. The uncapping of domestic commonwealth supported places led to a rush of trying to recruit as many students as possible each year. Combined with the growth of international students this has been very lucrative time for Australian universities allowing for unprecedented large advertising and marketing budgets for the public university sector.

There has been a catastrophic failure of the current tertiary system with a skewing of focus and funding for higher education institutions with little work on the vocational education and training sector (VET). The current staff in the Department of Education (DE) have overseen a collapse in funding spanning a decade and were responsible for allowing the rorting in VET FEE-HELP to continue long after knowing which providers were the worst offenders.

The replacement of VET Student Loans (VSL) by the same department that failed in VFH has created a system is inherently inequitable for students who wish to choose a VET course.

- a. 3 tiers of funding \$5000, \$10,000 or \$15,000 decided by DE on ‘picking winners’ for labour markets – governments are notoriously deficient at this task
- b. Students who choose this loan must pay a 20% premium on the loan which is not applicable to students entering commonwealth supported places
- c. Students now may have to pay upfront for the ‘gap’ between the VSL amount and the course cost. HE students entering CSP courses have no gap.

Universities have expanded the bridging ‘pre-degree’ levels of diplomas to capture further market share – the proposal last year to allow the HECS-HELP loans to extend

to these courses would have been a disaster for the VET sector. The potential student would only have to choose between a loan, with a possible gap payment and 20% premium, or, just walk in to a no gap HECS-HELP loan at a university for a 'Diploma'.

There needs to be a universal view of tertiary education. Australia is in a good position to create this based on the work that has been done to create the Australian Qualification Framework (AQF). The critical elements are covered by the proposal. The 5 elements outlined in the outcomes take into account new ways of learning and recognition of skills attained. The leadership in education have been overtaken by the acceleration of change in the needs of learners and quick action is needed to address the failure of current policies. The HE sector alone cannot deliver skills training in all areas

Component one: Structure

3. VET and HE need unique identities but should be viewed as a common stage of 'tertiary education'. The blurring of the lines has occurred with many university courses taking on a very vocational look and feel but not delivering the skill sets needed for the employers. VET remains the best way to efficiently deliver skills to large numbers of learners. The rise of the micro-credential or non-accredited training should be noted and recognised in funding models. Providers such as General Assembly deliver structured skill sets that are not recognised qualifications under the AQF but are recognised by employers as delivering the skills needed to do a job.
4. Regulators – ASQA is a regulator that has largely lost the trust of the providers in Australia. The original plan was to eventually merge ASQA and TEQSA and this should be revisited. ASQA has overseen many failures and continues to be a 'reactive' not 'proactive' regulator for example, finding problems at an RTO long after many students have graduated only to find that their qualifications should be revoked.
5. Agreed, that the funding body also oversees the information site with complete information on the implications of taking on debt. The 'right student, right course' philosophy should always apply as the younger student often has no clarity on what the course that is right may be. The course search can throw up a number of pathways with VET that can have entry to HE at a later date and the costs that will be involved.

Component two: funding

6. The LSA proposal is an extension of the current system of ICL with a broader view encapsulating all levels of training. The system can be expanded to include micro-credentialing and online learning options.
7. A tiered system such as the current HECS-HELP is preferred and applicable to VET and HE equally. No value judgements such as those that have been applied by the Department of Education on VET Student Loans. Some courses in the creative industries have been labelled 'lifestyle' courses by the DE. This has been shown to be incorrect where courses were related to billion-dollar industries. Today's 'lifestyle course' may be tomorrow's growth industry and governments should not pick winners.

8. Agree. Caps are needed to stop exploitative charging of fees. Gap funding by individuals can apply in a market model. Students that see an advantage by studying at a particular provider can pay a premium. FEE-HELP type funding within the individuals cap of the LSA. The current three tiers of HECS-HELP applied across VET to assist vital skills such as health and allied health education giving higher subsidies to high cost delivery courses.
9. Yes, with conditions – there has been reporting (by public and private providers) on using funds. Businesses that co-contribute upskilling of existing workforce would be more efficient for the economy than continually finding new staff. The retention of good staff is now paramount for company workforce planning. Companies should have to compete for government and show justification for funds. R&D tax relief and Export Marketing Development Grants have proven track records enabling companies to improve competitive positions. Similar schemes can be implemented and reviewed by the government.

Component three: Single platform for market information

10. Information is now freely available so there are no barriers except maintaining the quality and freshness of the data. QILT and MySkills sites are still in their early stages combined now with the collection of total training data statistics being gathered from VRET providers. VET students also now have a Unique Student Identifier which can now assist to track completion rates with individual providers.
11. See above – learner LSA combined with an e-portfolio of qualifications and competencies that can be verified (possibly through blockchain technologies).
12. Opening pathways and lifelong learning gives choice to learners in or out of the workforce. The private provider Open Colleges proved that there is a large market of existing workers who want to upskill or change careers.

Component four: agree on a shared governance model

13. No – funding/subsidies for VET and HE should be on the same tiered levels such as the HECS-HELP model.
14. The issue of perverse behaviours rests on the current regulatory system - reactive rather than proactive. Annual reviews based on risk models (and data flags) that can lead to face-to-face or desk audits will reduce the number of public and private providers exploiting the funding. A majority of providers behave and deliver good quality training. A regulator has to review new providers, existing providers, and reaccredit providers. Each level needs teams that are moderated properly and look to build a quality system rather than the 'gotcha' moments of uncovering past bad behaviour. The recent cases of TAFESA and StudyGroup, both large providers who have been sanctioned by ASQA show that a more proactive model is needed.
15. Government subsidised TAFE is essential. Base funding is needed to maintain training in some high cost training areas. However, TAFE must now be totally open to scrutiny using public funds and the application of the funding. Massive inefficiencies were shown up in TAFE NSW – top-heavy administration, and the waste of \$100M on an enrolment and learning management system. TAFE has issues with delivering training efficiently and must recognise that all is not well within their own systems.
16. The system must be simple and easy to understand. The HECS-HELP ICL is a great Australian invention (like the stump-jump plough and accessible WIFI) that has been

adopted by other countries. The simplicity is that students understand that it is a loan to be paid back when they are able to and it is equitable that no upfront fees have to be paid.

17. .1 Agreed – government and private providers need certainty in funding for planning, development and retention of key training staff. Knowing a baseline funding will happen, as long as quality training is maintained, will assist all providers create sustainable businesses.
 - .2 Cash flow is vital for private providers – funds cannot be quarantined for unreasonable lengths of time or drip-fed in tiny amounts. Other safeguards can be placed on providers such as realtime data delivered to the authority.
 - .3 Agreed – the authority that runs the fund should designate what courses can be subsidised or attract a loan.
 - .4 Agreed
 - .5 Agreed – there must be limits on fees but allowing the market to determine that some qualifications by a high-quality provider, specialist equipment etc can be factored into tuition fees
 - .6 The sectors have sufficient regulation and safeguards but no efficient way of on-going monitoring by the regulators. The only additional safeguard is an annual check by the regulator.

18. 1 Agreed – creating an Australia NFP company that has more accountability and building of internal expertise makes more sense than to load a department that has a poor track record.
 - .2 the board should be chaired by industry – the largest client of training is industry and having a view from this perspective of having to run a business efficiently for the stakeholders would be far more valuable.
 - .3 No, the board would advise government and have input on policy, funding and the funding models.

Component five: Create a culture of lifelong learning

19. Not just my view but the way the world of training is heading – modularised training that is kept up to date at a much faster rate. Universities take 1-2 years to update courses while agile providers review and update each semester.
20. Agreed – building on a modular approach allows workers to identify and seek out training as needed. Online courses such as Coursera, Lynda.com, Edx all have short programs that can assist a worker to gain a skill directly applicable to a job or to build skills for future work. Current VET and HE providers must build portfolios of short term courses that are online or blended to allow workers to retain a job and train for a future position.
21. Businesses will have to participate in lifelong learning in order to retain key staff – the cost of replacing staff and training new staff is now being calculated into the productivity of companies. Business must bear some costs to invest in staff and not only pay lip service to ‘our people are our greatest asset’ mission statements.

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Profile

Robert Parsonson (Director) has 25 years in education and education export working in Australia and internationally. He is an expert on the development and execution of international student marketing and offshore market entry. With experience in managing institutions including ELICOS, and VET colleges and consulting to higher education Rob's ability to take novice businesses on the first foray into international and guide their journey to build sustainable long term international student markets is widely recognised.

In 2003, Rob founded Education Export Services (EDEX) a consultancy business to serve training organisations in Australia and overseas and help develop their international student markets and meet their revenue targets. Rob is best described as an 'opportunity broker', linking institutions with the right partners and students to build strong revenue outcomes and has been achieving success for institutions year after year. His previous clients include both education institutions and government agencies, and include StudyNSW, Trade and Investment Queensland, Study Northern Territory and Study Melbourne.