



THE UNIVERSITY OF
SYDNEY

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Dear Ms Westacott,

Future-Proof discussion paper

Thank you for your 8 December 2017 email to the Vice-Chancellor seeking feedback on the BCA's *Future-Proof* tertiary education policy discussion paper released last October. The Vice-Chancellor has asked me to respond for the University, given my portfolio responsibilities for our educational programs (including research training).

As the Vice-Chancellor conveyed shortly after your excellent National Press Club address, we are delighted by the priority the BCA is giving in its advocacy and policy work to help achieve long-overdue reform of our tertiary education system.

The discussion paper makes a compelling case for a well-designed package of reforms to transform our out-dated tertiary education architecture into a coherent, internationally competitive, single system. While we do not agree with every argument or reform proposal the BCA makes, there is much in the paper that has merit.

We commend the BCA for the holistic perspective it has taken to reform of Australia's education system. The emphasis on school education and especially teacher quality to maximise school leavers' foundational knowledge, skills and qualities is strongly supported. The recognition that the purpose of education is not solely to prepare people for work, but to equip them to be good citizens who are able to think well, absorb and distil knowledge – including about history and Australia's place in the world – is refreshing and welcome.

The paper has helped to stimulate thought and debate about the strengths and weaknesses of our current tertiary education system, and about the types of changes that are needed if we are to substantially strengthen its performance.

We agree we need to break the cultural stigma that a university qualification is better than a vocational award for all students. That is not to say that the focus of policy and funding reform should now be on the VET sector at the expense of HE. Australia's future international competitiveness will depend on having strong, well-funded and connected early childhood, school, VET and HE sectors.

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As the paper notes, to contribute effectively in the workplaces of the future, graduates of both the VET and HE sectors will not only need deep disciplinary knowledge and technical skills, but highly-developed skills for creative and critical thinking, problem solving, communication and teamwork. We would go further and argue that some will also need strong capabilities for independent research, human understanding, ethics and foreign languages, and strong skills for information and digital literacy.

This year we are introducing fundamental changes to our undergraduate curriculum to ensure that our students graduate with the qualities we believe they will need for success in a rapidly changing and uncertain world.¹ We would be delighted to brief the Nous Group and/or the BCA on our new curriculum, perhaps alongside a broader discussion about *Future-Proof*.

As you note, there is considerable detail and complexity in the reform proposals the BCA has put forward. Anticipating that you will receive extensive feedback from many stakeholders, and noting that the Nous Group is facilitating roundtable discussions on the issues, we have kept our **attached** responses to the consultations questions brief and high-level.

We commend the BCA for the proactive and consultative approach it is taken with *Future-Proof* and look forward to being part of the discussion as it continues this year.

Yours sincerely,

Signature removed

Professor Pip Pattison AO
Deputy Vice-Chancellor (Education)

Appendix University of Sydney initial feedback on the Business Council of Australia's *Future-Proof: Protecting Australians through Education and Skills Discussion Paper*, released October

¹ <https://sydney.edu.au/news-opinion/news/2017/02/27/university-of-sydney-launches-new-undergraduate-curriculum.html>

University of Sydney initial feedback on the Business Council of Australia's Future-Proof: Protecting Australians through Education and Skills Discussion Paper, released October 2017

Overall tertiary system

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

- We agree that Australia's post-school education and training system would benefit from greater policy and funding coherence, and improved levels of bi-partisan and jurisdictional cooperation in relation to its governance, administration and regulation.
- Notwithstanding recent efforts to address anomalies in the funding of VET and HE, the inconsistent treatment of different post-secondary education and training options has created perverse financial incentives for students to choose certain courses of study and pathways over others.
- Perverse financial drivers influence the behavior of education providers too, as evidenced by recent developments in both VET and HE in relation to domestic and international students.
- The current funding model for higher education remains based on cost assumptions and relativities developed three decades ago. These were recognised as weak then and in many disciplines they bear even less relationship to actual costs (including base research) of quality provision today.

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?

The five elements are appropriate and important. However, the BCA's analysis and proposals has relatively little to say about arguably equally important elements including:

- student income support;
- international education;
- quality;
- research and research training (funding for which we do not agree sits outside the tertiary education system);
- responsibility for independent expert tertiary education policy advice for governments; and
- the critical role that the BCA's members and other employers can play to help strengthen Australia's post-school education and training system.

Component one: structure

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

We agree it is important that the two sectors maintain unique identities, though we note there are already numerous 'dual sector providers', particularly in Victoria.



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 identify?

No.

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?

Yes. There are many fundamental differences between VE and HE providers, which will necessitate differential treatment. For example, all higher education providers must, as a condition of their registration, conduct a minimum amount of research and research training. There is a substantial amount of Commonwealth funding for research currently embedded within Commonwealth contribution amounts for domestic coursework students. If we were to move to a consistent single funding model for all registered tertiary education providers, the amount of funding different providers receive (from both governments and students) would need to vary based on their research profiles.

There are international models in place where these differences have been accommodated under a single funding system. For example, in New Zealand, its Tertiary Education Commission plays a role not dissimilar to that the BCA is proposing for its 'New Body', funding VET and HE providers differently, but under a common framework.

Component two: funding

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

Notwithstanding the fact that Commonwealth has recently implemented (for VET) and announced a commitment to introduce from 2019 (for the entire tertiary sector, subject to legislation) a lifetime HELP tuition limit, we remain to be convinced that reforms of this type make sense as a unitary concept and social policy concept. We are concerned that under such arrangements, more advanced forms of learning are likely to fall even further out of reach of those who do not have the private means to access them.

If LSA type mechanisms are to become a feature of the Australian tertiary education system, we think they may need to have two tiers. A minimum guarantee of access to some quantum of government supported tertiary learning should be available for all students for their initial post-school qualification (subject to meeting entry requirements for those qualifications). There should then be a more competitive form of support for access to high-level learning, tailored to the individual financial circumstances of the students.

A critical funding element about which Future-Proof appears silent, is the importance of adequate student income support to ensure that all students, regardless of the social or economic backgrounds, can meet reasonable basic living costs while studying. We would welcome the opportunity to brief the BCA further on key weaknesses in Australia's current system of student financial assistance, with a view to these issues being addressed in the final version of 'Future-Proof'.

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?

Yes. Our starting position is that Australia's total level of public investment in tertiary education needs to be more competitive compared to OECD benchmarks.

In higher education current levels of 'base funding' bear little relationship to actual costs of delivery in each discipline. In some fields such as medicine, dentistry, veterinary science, agricultural, the performing arts (all of which we offer), funding falls well short of full costs, forcing us to cross-subsidise from other disciplines and sources of revenue.

In fields of value to society where the costs of delivery are high and/or the long-term private rates of return for the student are low, it makes good policy sense for the public contribution to be higher. Where the private rates of return to graduates are expected to be high, and public benefits lower, it is fair that students contribute a greater share.

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?

See response to question 6.

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

We understand why such an approach may be attractive to some members of the BCA and other employers. However, we believe the focus should be on:

- addressing the structural weaknesses in the system's policy and funding framework;
- increasing Australia's overall levels of investment in tertiary education (including research); and
- ensuring that investment is better directed to maximise outcomes for learners and employers.

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?

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

12 What are your views on the Business Council's proposed approach for a learner's decision-making process?

We remain to be convinced that a single market information platform, by itself, is likely to give prospective students information of the quality and depth they need to make well-informed study decisions, particularly in those parts of the market that need to be agile and responsive to changing business needs. We are also concerned about the bureaucracy required to support the collection of further data from students, providers and employers. We would prefer to see the BCA advocating for:

- a review of the Quality Indicators for Learning and Teaching (QILT) website, to determine levels of usage and utility for students, families and providers;
- an audit of existing data already routinely collected by governments that could be tapped into without creating additional surveys or reporting requirements;



- improved career advice for secondary students and mature-age students considering further study;
- additional resources to support the development of high quality tools and resources to help students match their study choices with their interests, strengths and trends and career pathways;² and
- better industry, VET and HE outreach activities in schools.

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?

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?

16 What are your views on the proposed methodology that determine the 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

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 ICS 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.

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?

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

18.3 Should the Board have any policy responsibility, and why?

² By way of example, at the University of Sydney we have developed two pre-tertiary outreach apps, [Subject Finder](#) (year 10) and [Career Finder](#) (year 7-10), both of which aim to link students' interests with careers and key learning areas (KLAs). Both are available for download by students regardless of their geographic location. Feedback from users and the families suggest these apps are viewed as very worthwhile and helpful, and with funding these technologies could be promoted more widely to students from regional, rural and remote schools.

We would welcome the opportunity to discuss governance issues with the Nous Group or BCA, and make the following observations:

- We agree Australia needs a collaborative governance model where each level (and jurisdiction) controls its financial contribution.
- The COAG Education Ministers' Council is a vital forum, and it should be possible for education ministers to agree on (and implement collectively) a national framework for the governance, funding and administration of a single coherent tertiary education system.
- The precedent set by past COAG health ministers to develop and implement activity-based funding for the national public hospital system may provide a useful model for the BCA to consider.
- We agree that ASQA and TEQSA should remain separate, at least for the initial stages of the transition.
- While the National Centre for Vocational Education Research plays a critical role in providing expert independent research and policy advice to the public and governments about that sector, no similar body currently exists for the higher education sector. If Australia is to move to a single tertiary education system, the remit of NCVER should be expanded to include HE and be renamed as appropriate. The new '*National Centre for Tertiary Education Research and Policy*' (sic) would have a formal role (with funding) recognised in the new governance structure as the key source of advice to governments on all aspects of tertiary education policy.
- The roles the BCA is proposing for its 'New Body' may be too broad. Consideration should be given to including a separate independent statutory body (like IHPA for the health system) responsible for the costing and pricing functions.
- Responsibility for administration of the HELP scheme should remain with the federal government.

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?

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

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

- We support the 'self-constructed qualification' proposal if the aim is for people to access LSA support for study in accredited programs that form less than a full award course in volume. However, if the intention is for students to construct their own qualifications by enrolling in units from multiple providers and disciplines, we would have concerns about coherence and appropriate use of taxpayers' funds. We do agree that it will be important for workers to be able to access modular, targeted forms of further learning.
- We note the Canadian model of 10,000 paid internships for Canadian students and recent graduates, and believe there is value in analyzing the impact and overall benefits of policy initiatives such as this.
- There is much that business can do to help create a culture of life-long learning, with many businesses already very active in this area. We recommend that the BCA consider partnering with the university and/or VET sectors, to explore this issue in detail with a view to identifying the full range of existing initiatives, areas of strength and opportunities for improvement.



- We believe, in particular, that stronger partnerships between the business and university sectors will be important if we are to meet the educational objectives of both sectors. Current models for work-integrated learning (WIL) are of great value but don't go far enough, in our view to create the necessary dialogue and partnership for long term value. We are therefore exploring a new form of educational partnership with business to sit alongside existing WIL programs but radically increase the educational reach and impact for both parties. We would be happy to brief Nous and/or BCA on our approach and learning to date.
- We think there is also value in considering broader conditions for tax deductible employment-related education expenses beyond those relevant to a person's current employment. For instance, we believe there may be increasing value in extending this to cover training in a new intended field of employment or for a higher level job in the same area.