



THE UNIVERSITY OF
SYDNEY

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Jennifer A. Westacott AO
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Dear Jennifer,

Feedback on *Future-Proof: Australia's future post-secondary education and skills system*

As mentioned recently, I wanted to provide you and your tertiary education policy team with some considered feedback from the University of Sydney on the final *Future-Proof* policy blueprint released on 29 August 2018.

The scale and growing urgency of the educational and skills challenges Australia faces was brought home starkly to me while participating in the Times Higher Education World Academic Summit in Singapore last month. There I saw first-hand the highly strategic, evidence-based and long-term approaches Singapore and other nations are taking to prepare current and future workers for life-long resilience and success in the rapidly changing global knowledge economy.

Without the luxury of abundant land and natural resources, Singapore's government is incredibly focused on producing highly educated university graduates equipped with the knowledge and skills required to meet the current and future predicted needs of their economy. At the same time, they are up-skilling technical workers to enable them to adapt to future technologies and emerging high-value employment opportunities. They are investing massively at all levels of their education system to strengthen foundational knowledge and skills and create education pathways. These investments include excellent programs to help school leavers make sound post-secondary education decisions, to embed life-long learning as a cultural 'movement' and to support and incentivise people to pursue further education and training throughout their working lives.

The BCA's *Future-Proof* policy blueprint provides an excellent articulation of the key challenges facing Australia and its education system and it is hard to disagree with any of the following statements drawn from the report:

- The post-secondary education and skills system is our greatest asset as rapid technological and digital change alters the tasks and capabilities required to stay in work and lead successful and fulfilling lives.
- The system is not fit-for-purpose and there are fundamental problems that we need to address.

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- Prospective students (whether school leavers or mature age) too often do not have access to good information and advice to inform their education choices.
- The funding model is distorted, creating perverse incentives for students and providers.
- The system needs to better promote and accommodate life-long learning and speed up the attainment of qualification where possible.
- There is a cultural problem with VET, which is reinforced by the regulatory and funding framework.
- Governance between the Commonwealth and the states is confused, accountabilities are blurred and there is too much cost and blame shifting.
- There is no room for complacency. Ambitious and visionary reform is needed. It needs to start now and must involve collaboration between the Commonwealth, states and territories, business, vocational and higher education sectors.

The primary purpose of *Future-Proof* – to place the learner at the centre of the post-secondary education and skills system and design a system that offers suitable lifelong learning to all Australians in VET, HE or both – is strongly endorsed.

The five core elements for action identified by the BCA: structure; funding; information; governance; and lifelong learning are appropriate and important. However, as we advised in our feedback on the draft, any comprehensive tertiary education reform package will need to also have regard for issues including equity of access, quality, international education, research and research training and enhancing levels of strategic collaboration between Australian businesses and education/research institutions.

I commend the BCA for the leadership it has shown in prioritising our post-secondary education system and for the proactive and consultative approach it has taken under your leadership to stimulate and focus debate in this critical – but too-often neglected – area of public policy.

I trust these high-level comments and the more detailed feedback on the BCA's specific reform proposals **attached** – prepared by our policy team – are useful.

The University of Sydney looks forward to continuing to work with the BCA and other stakeholders committed to making our post-secondary education system as strong and internationally competitive as possible.

Yours sincerely,

(signature removed)

Michael Spence

cc. Megan Kirchner, Head of Tertiary Education, Business Council of Australia

Attachment University of Sydney detailed feedback on the BCA's *Future-Proof: Australia's future post-secondary education and skills system*

The University of Sydney feedback on the BCA *Future-Proof* final reform proposals released August 2018

BCA proposal	Detailed description of proposal	University of Sydney position/feedback
<p>Proposal 1 – Structure</p> <p>Maintain the unique characteristics of both the VET and HE sectors – VET as an industry-led sector based around competency-based training and applied learning, and HE offering advanced qualifications to develop highly skilled workers, as well as a broader remit of learning for the sake of learning, academic inquiry and research.</p>	<p>The VET sector is an industry-led sector that is based around competency-based training and applied learning. It offers foundation studies for adults with little or no education and an essential second chance at education for Australians who have had their skill development disrupted, as well as qualifications that prepare people from low-skilled to highly skilled workers for the labour market.</p> <p>» The HE sector also offers advanced qualifications that develop highly skilled workers, but the HE sector is not limited to preparing people for work. The HE sector has a broader remit that includes learning for the sake of learning, academic inquiry and research.</p> <p>» Both sectors are vital to Australia’s social and economic fabric, and both sectors should retain their unique characteristics in a post-secondary education and skills system.</p> <p>» To support the sectors maintaining their own identities, the current framework for standards and regulation should continue.</p> <ul style="list-style-type: none"> - The AQF will remain the only system-wide standard. - Current standards in VET and HE will apply. <p>» ASQA and TEQSA will continue to regulate the respective sectors but will be given the power to suspend operations to protect consumers where warranted.</p> <p>» Both public and private providers are integral to the post-secondary education and skills system, and all quality providers are able to operate in the system.</p> <p>» To maintain a sustainable TAFE network across the country, governments should:</p> <ul style="list-style-type: none"> - define the role of the public provider in the system, including their obligations to learners, their local community and the relevant government - articulate the specific community service obligations of each TAFE (e.g. second-chance education and offering inefficient courses in regional locations) and fund them appropriately - ensure each TAFE has the relevant skills through a board or senior staff to create and run an effective business model that delivers value for money. 	<p>The BCA’s structural proposals are broadly supported and we provide the following comments alongside specific statements/proposals.</p> <ul style="list-style-type: none"> ➤ This characterisation of the role of VET is overly negative. ➤ There is no black and white distinction between VET and HE sectors, with many and growing numbers of providers operating in both sector. ➤ All levels of the education system will have a role in providing and extending the population’s foundational skills, including critical thinking and analysis skills, creativity, digital literacy, problem solving, communication and presentation skills, team work, cultural competence and foreign language skills. ➤ Strongly agreed. ➤ The AQF will need modernisation to provide more flexibility and accommodate new qualification types and pathways. ➤ Both regulators already have the power to effectively suspend providers operations. ➤ Agreed, but stronger registration benchmarks and regulation are needed to protect the sector’s reputation, and the interests of students, governments (as funders) and employers. ➤ Agreed, ensuring the TAFE system nationally is strong, well-funded and with a clear role in the education system is vital.

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<p>Proposal 2 – Funding</p> <p>Move from the current siloed approach to funding and the perverse incentives between the sectors, to a single funding model that is sector-neutral</p>	<p>The Lifelong Skills Account:</p> <ul style="list-style-type: none"> » The centrepiece of the funding model is an LSA, including: <ul style="list-style-type: none"> - access to a government subsidy for accredited learning in VET or HE - access to an ICL for accredited learning at AQF Levels 5–9. » Governments will need mechanisms or levers that enable them to manage budget exposure. Within an entitlement model, these mechanisms can include: <ul style="list-style-type: none"> - having a narrow definition of learner eligibility - caps on subsidies, loans or both - limiting government financial support to specific sectors or courses - specifying a cap on enrolments in specific sectors or courses - limiting choice of providers. » In determining the mechanism, the starting point should be learner centred, and give learners the opportunity to choose what they study and where. <p>Governance – Subsidy rates and the ratio of contributions</p> <ul style="list-style-type: none"> » As a first step, a costing exercise should be undertaken to establish the base costs of post-secondary education and skills. - The terms of reference would need to be agreed between governments but should allow for sufficiently disaggregated information to provide some transparency for potential learners. » Using the costing exercise as a starting point, governments should agree on a methodology to determine the overall subsidy for VET and HE qualifications and agree that the subsidy information is publicly available and easy for potential learners to understand. - The subsidy level may differ between jurisdictions, including the availability of any subsidy (reflecting both the overall funding levels and the jurisdictional priorities). » Governments should agree to adopt a single methodology across VET and HE to determine the ratios of government and learner contribution. - The ratio should ensure a level playing field between the two sectors. » Where possible, the share allocated to the learner should consider the ratio of public and private benefit. 	<p>The BCA’s LSA and funding governance proposals are not fully supported in their current forms. Further details and modelling are required.</p> <ul style="list-style-type: none"> ➤ We are pleased the BCA has responded to feedback from us and other stakeholders around the need to allow governments to manage the budget exposure of a publicly funded learning entitlement model. However, we note with concern predictions that due to the Federal Government recently passed legislation establishing (LSA-like) caps on all students HELP debts, many students will not be able to complete or pursue their desired studies without access to other sources of funding. The implications of this for equity of access and lifelong learning require further interrogation and consideration. ➤ Rather than introduce arbitrary caps on HELP debts applied to all potential learners, we remain of the view that a better approach may be for a LSA-type mechanism to have two-tiers: a minimum guarantee of access to some quantum of taxpayer-supported tertiary learning available for all students for their initial post-school qualification; with a more competitive form of support for access to higher-level learning. ➤ A critical funding element that <i>Future-Proof</i> does not address, is the importance of adequate student income support to ensure that all students, regardless of their age, social, cultural, economic and geographic backgrounds, can meet reasonable basic living costs while studying. ➤ Transparent costing of teaching and scholarship in Australian universities is already in place with participation to be compulsory for all universities with Commonwealth-supported students from 2019. However, the resulting data have well-documented limitations as the sole basis for making decisions about funding levels and relativities. Such costing exercises are extremely resource intensive exercises for providers and we question the cost/benefit and feasibility of developing and implementing a robust costing model that could be applied consistently to all post-secondary education providers in receipt of direct or indirect government funding support. ➤ There is a substantial amount of Commonwealth funding for research (as much as 30 cents in the dollar) embedded within the Federal Government’s 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. The Government has recognised this policy in past funding reform proposals to extend demand-driven funding to sub-bachelor courses. ➤ The principle that government and student contributions towards the cost of post-secondary education courses should ideally reflect the lifetime ratios of public and private benefit is supported, so long as consensus can be reached between governments, providers and students about how these ratios are to be calculated and updated regularly.

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<p>Proposal 3 – Information</p> <p>Have at its foundation a single-source platform of market information that provides the right kind of information and guidance to help learners, workers and employers make the best decision for their future.</p>	<p>» Governments agree to prioritise market information and identify an appropriate platform/tool for potential learners where they can start with the proposition, ‘What do I like, and what am I good at?’</p> <p>- Such a platform would have the information people need to make good decisions, but it would also join up the dots to allow them to identify what they enjoy and what they are good at, the industries those skills and interests would suit, as well as potential career pathways.</p> <p>- As part of this process, governments agree if market information should be managed within government or outsourced.</p> <p>» Governments identify all of the information sources where relevant market information is kept, including labour market information, and pool the information as a starting point for the single platform/tool.</p> <p>- As part of this process, governments identify any additional data sets that are needed, with a specific focus on practical data sets that inform decision-making, such as the cost of delivering post-secondary education and skills at a course level, the private return from post-secondary education and skills at a course level, and the average length of time it takes learners in a course to repay loans.</p> <p>» Government funding (subsidy or ICL) is conditional on providers making a core set of data for each qualification available on the website or portal.</p>	<p>The BCA’s principle of providing prospective learners and others with access to information online that helps them make informed study and career choices is strongly supported. However, we are still not convinced that a single-source online solution alone will address the information challenges prospective students will face in the future.</p> <p>As suggested in our initial feedback in February 2018, we would prefer to see the BCA advocating for:</p> <ul style="list-style-type: none"> • 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 routine collected by governments that could be tapped into without creating additional surveys or reporting requirements; • substantially improved study and career advice made available to people from secondary school onwards; • additional funding 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; and • improved support and incentives for industry, VET and HE outreach activities in schools.
<p>Proposal 4 – Governance</p> <p>Create a shared governance model that stops the ongoing arguments about which level of government has responsibility.</p>	<p>Split of funding responsibilities</p> <p>» State and territory governments have responsibility for funding:</p> <ul style="list-style-type: none"> - pre-accredited and foundation studies (Note: This funding sits outside the post-secondary education and skills system) - certificates I–IV - any base funding needed to make the public provider sustainable, noting this funding should be transparent. <p>» The Commonwealth Government has responsibility for funding:</p> <ul style="list-style-type: none"> - diplomas, advanced diplomas and bachelor degrees - ICLs - research training and research more broadly, noting this funding sits outside the post-secondary education and skills system. <p>A cooperative model:</p>	<p>The BCA’s proposed split of funding responsibilities is supported. However, the suggestion that Commonwealth funding for research training and research currently sits outside the post-secondary education and skills is not accurate.</p> <p>➤ There is a substantial amount of Commonwealth funding for research currently embedded within Commonwealth contribution amounts for domestic coursework students.</p>

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	<p>» Governments establish a cooperative governance model that can in the first phase:</p> <ul style="list-style-type: none"> - commission or undertake a project around costings of post-secondary education and skills system and, if possible, the ratio of public and private benefit from delivery - commission or undertake a project to bring together the relevant market information and identify gaps in current information. <p>Facilitate industry leadership, particularly in the VET sector:</p> <p>» Industry retains responsibility for product development in VET and has a role in broader policy across the sector.</p>	<p>The principle of the BCA's proposed shared governance and accountability model for post-secondary education agreed between the Commonwealth, State and Territory governments is strongly supported.</p> <ul style="list-style-type: none"> ➤ 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 the post-secondary education system. ➤ The BCA's decision to withdraw its previous proposal for the establishment of a new government institution to managing post-secondary education funding and market information is acknowledged and welcome. We agree that the proposed remit of such a body was very broad and that if transparent costing is to become a feature of a future post-secondary education funding system, consideration could be given to confining the role of such a body to conducting that costing work in the way that the Independent Hospital Pricing Authority does for the public health and hospitals system. ➤ There remains a vital need, however, for an independent expert body to provide research and policy advice to the public and governments about all relevant aspects of the sector's operation and performance compared to international best practice. ➤ The proposed industry leadership should be changed to industry collaboration as education, skills development and research are common goods that should be pursued in partnership between industry and education/research organisations.
<p>Proposal 5 – A Culture of lifelong learning</p> <p>Create a culture of lifelong learning to enable workers to upskill and reskill throughout their lives.</p>	<p>» Maintain the current approach to qualifications for people entering the labour market and people moving into new industries.</p> <p>» Empower graduates in the labour market to create a qualification that meets their skilling needs.</p> <p>» Allow LSA funding to be used for self-constructed qualifications or microcredentials.</p> <ul style="list-style-type: none"> - If the individual is in employment and the self-constructed qualification is relevant to their employment, the employer must provide the worker with time off to attend the study. - Governments will expect businesses and individuals to focus their microcredentials on skills that are needed, and will not provide funding for microcredentials that are simply an area of personal interest. <p>» The ABS or NCVET is tasked with establishing a reliable data source that calculates the contribution of business to education, training and development.</p>	<p>The BCA's vision of embedding and supporting a culture of life-long learning is strongly supported, though we question how a capped or otherwise restricted LSA can function to support life-long learning for all citizens.</p> <ul style="list-style-type: none"> ➤ We agree it is critical that Australia achieves this goal as the rapid pace of technology-driven industry and economic change coincides with the ageing of our population and the resulting necessity for people to work longer and many different roles over the course of their lives. ➤ A holistic and long-term, whole of government and industry strategy for life-long learning is needed, in collaboration with workers' representative bodies and education providers. Australia can learn much in this area from countries such as Singapore and Denmark and other nations that are well ahead of us in their approaches to supporting life-long learning. ➤ The University of Sydney is keen to continuing discussions with the BCA and other stakeholders about how a shared vision for life-long learning can be realised in Australia.