



Future Proof: Protecting Australians through Education and Skills Response from the University of Canberra

The University of Canberra (UC) thanks the Business Council of Australia (BCA) for its discussion paper *Future Proof: Protecting Australians through Education and Skills* and appreciates the opportunity that has been provided to respond. UC welcomes debate on the future structure and funding of the education sector and how the sector can be designed to enhance the future prosperity of the nation for the benefit of all its citizens. The university strongly supports the report's underlying premise of 'seismic' changes to the Australian society and economy, and the importance of lifelong learning to navigating these changes.

The University of Canberra

The university is incorporated under the *University of Canberra Act 1989* of the Australian Capital Territory. It is committed to serving its communities through professional education and applied research.

It is committed to providing an exceptional student experience and world-ready graduates; excellence and innovation through integrated teaching, research and entrepreneurship; and to establishing a living-learning community that will enable residents to be immersed in the University's intellectual environment.

UC is ranked in the top two percent of universities globally by both Times Higher Education (THE) and QS World University Rankings and appears in both the 2018 QS and the 2017 THE rankings as one of the top 100 universities under the age of 50 years.

Introductory comments

The pace of change and disruption to the world of work is accelerating along with the pace of technological innovation. Whilst the report highlights the disruption within jobs, and the changing way people relate to employment (mixing permanent employment with entrepreneurial and 'gig' employment, for example), it somewhat underplays the disruption to industry, types of jobs and people. The University of Canberra believes it needs to prepare students for a world in which they will undertake multiple careers and jobs within their lifetimes, perhaps holding more than one job at once.

The ability to adapt and change and a willingness to access new ways of learning are keys to survival in this environment. It is the role of education to instil in people a love of learning, the ability to critically analyse and assess evidence, and the ability to embrace change. Lifelong learning opportunities that cross sectoral and public versus private barriers are useless without the ability and desire of individuals to access them.

The report seems to be based on the assumption that the benefits of education to the community and to business are two separate, at times competing, agendas. The university believes they are not. UC believes its role is to instil in students skills and attitudes that are equally important for both. Business and society need people who can communicate, work in teams, critically analyse, use resources to solve problems, and learn and know the value of continual learning.

The university is already working to integrate these skills throughout its curriculum.

UC's response to consultation questions

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

The university supports, in general terms, the proposal to move to a tertiary model that maintains the separate missions of higher education and Vocational Education and Training (VET) sectors whilst removing cultural barriers to study in either. The university agrees that students should not face barriers – cultural or otherwise – to choosing the most appropriate forum for study to meet their needs at particular points in their lives, and should be able to move freely between parts of the tertiary education system as these needs change. UC supports the proposal that a common tertiary model will help remove such barriers.

A common tertiary model must include similar regulatory treatment of its constituent parts such that no part is advantaged over others. Higher education providers face high quality assurance requirements and high barriers to entry. Recent experience suggests these requirements have not always been evident in the VET sector.

2. If Australia were to adopt a tertiary model, do you think the proposed five elements of the tertiary system are appropriate, and why?

The university believes some elements are appropriate and others need modification.

- a) **Structure:** As noted above the university supports a single tertiary model that maintains the two current sectors with their separate approaches and missions.
- b) **Funding:** The university disagrees that funding should be sector neutral. The separate missions of higher education and VET create different cost structures on institutions in these sectors. Universities have a mission that includes research and community engagement alongside education. These are requirements to carry the title 'University'. Research and scholarship benefit education through pushing forward the boundaries of knowledge and ensuring teaching is cutting-edge. Students benefit from academics that are well-versed in the current thinking in their field. It is appropriate that education funding reflect these benefits. Given recent history, the university does not have confidence that alternative ways to properly fund research can be implemented.

Furthermore, public universities are created through Acts of parliaments that impose governance costs on them that are not present in other institutions.

Additionally, the funding model must recognise the differentiation in cost of delivering education at various levels (as set out in the Australian Qualifications Framework, whether formally through qualifications or the equivalent in other learning).

The report extensively analyses two pathways to the nursing profession (diploma leading to enrolled nurse status and bachelor level leading to registered nurse status respectively). The professional requirement for these two levels of nurse are different, leading to differentiation in the cost profile to educate each type. This should be reflected in funding difference between diploma and bachelor level in this profession. Furthermore, the funding model should reflect the different missions of higher education and VET providers.

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The university also disagrees with the report's assertion that funding should be based on the *efficient* cost of delivery, arguing instead that it should be based on the most *effective* cost of delivery. For an extreme example: assessment is a high cost activity, and not assessing students would improve efficiency and lower costs, but in most cases proper assessment mechanisms improve the effectiveness of teaching and the skills of graduates, and no one would suggest abolishing assessment/

- c) Information: The university does not agree with the proposition that decisions on education and careers should be made on the basis of economic outcomes (salary, employment prospects etc.). Instead, aptitude, interest, enjoyment etc. should be guiding forces. Economic outcomes can change dramatically within the time taken to study, particularly a bachelor degree, and so form a highly questionable basis for career decisions. In the face of these changes and other forces affecting the world of employment, the other factors in career decisions hold people in better stead.

Whilst the university agrees in principle with the concept of a single source of market information on *providers*, to assist people in making study decisions once career interest is established, it sees this as a very difficult goal to reach. An extensive set of definitions would need to be developed and agreed across disparate providers before comparability of presented information could be guaranteed. At present, the different ways information is defined and gathered across institutions and sectors would lead to more confusions for students than the current lack of a single information source.

- d) Governance: UC agrees with the implementation of a shared governance model for the tertiary sector. However, it questions the division of responsibility based on AQF levels which would lead to institutions that offer qualifications across this barrier, particularly VET providers, falling under two different regulatory regimes. Instead, the university recommends continuation/development of a division based on sector (VET or higher education). This would also allow differentiation in funding, as noted in (b) above.
- e) Lifelong learning: The university strongly supports the encouragement of lifelong learning in order to meet the changing demands of the world of work. UC supports a system of recognition that allows student to combine HE and VET education, AQF qualifications and others into a recognised system that gives employers comfort in the skills of their employees and applicants. It agrees with modular learning. The university cautions that a quality assurance regime needs to sit alongside this system to engender confidence in skills learned and the equivalence of learning represented to be at the same level (be it within traditional qualifications or modular study).

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

The university agrees that Australia is well served by maintaining the separate identities and missions of the two sectors.

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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?*

As noted above, the university believes that the different missions of the two sectors impose different cost structures, which should be reflected in different funding arrangements. Furthermore, the continued separation of award level offerings (with some overlap) between the two sectors will maintain and support separate identities and missions.

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?*

UC believes a single body across the two sectors will be sufficient, as long as generally agreed principles (such as differentiated funding models) are adhered to. Student movement between sectors, comparison of information and use of LSAs will be facilitated by a common institution.

The university believes this institution needs to be an arm of government, possibly created and monitored by a COAG group. This will ensure the application of education policy through this institution.

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

The university is strongly supportive of Lifelong Skills Accounts, though it has several suggestions for change to the model (see below and responses to questions 8 and 9). As noted above, the university supports the movement of students between sectors and between qualifications (AQF and others) in the pursuit of lifelong learning. Whilst the university believes funding models should be differentiated based on sector and level of study, it believes there should be sector-neutral access to this funding. For example, there should be no loan fee, the same indexation, the same repayment thresholds etc.

The university does not agree that there should be an up-front payment component to the LSA. Students already have 'skin in the game' through the opportunity cost of study, non-tuition costs, time away from family etc. Even a modest up-front payment could be a barrier to entry for those who could most benefit from education.

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?*

Rather than support this principle, the university acknowledges that there is not the support in Australian society for funding education purely through public funding.

The university is concerned that the evaluation of public versus private benefits is conducted at an individual or profession level. This ignores the public benefit of an educated population as a whole. Australia has chosen to compete with developing, low-wage countries through becoming a value-add, service and advanced manufacturing nation. To do this, it needs an educated workforce. The more educated the population the more competitive is the nation. This needs to be considered in any evaluation of the public and private benefits of education.

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Furthermore, university education prepares students for various lines of work, not just in their specific field of study. Critical thinking, analytical ability, research and reasoning skills are highly regarded qualities that students can use in all jobs and are not sector specific. Also, just because a student studies a specific course which has a high private benefit to some, such as law, does not mean that they will end up in such a position (i.e. they might end up as public defenders, law teachers etc.). It is very difficult to determine the balance between private and public benefit.

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?*

The university does not agree that there should be a cap on the Lifelong Skills Account. This is contrary to the concept of lifelong learning as it places an upper limit on the learning that would be funded and therefore, for most people, undertaken. As Australians age slower, retire later and face increasingly rapid rates of change, the need for updating or acquiring new skills will occur later and more frequently through a person's life. There should be no cap on the ability to access funding for education.

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

The university does not support the establishment of a separate fund for businesses to access. Scarce funding should be directed to adequately covering the cost of education for providers, via the mechanisms of student choice. Funding accessed by businesses would be restricted to training deemed to directly benefit that organisation, impacting negatively on the goal of lifelong learning for the adaptation to changing circumstances. Businesses should evaluate their own needs and invest in their own employees through their own funding.

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?*

As noted above, a significant barrier is the creation of a common set of definitions that would apply across sectors, jurisdictions and institutions. Without an agreed definition of terms, comparability of quantitative measures is not only meaningless but potentially misleading. Overcoming this barrier requires processes that seek input from all stakeholders. The Admissions Transparency process in higher education is an example of how this can be achieved.

The timeliness of data is a second significant issue, which has multiple aspects. As noted above, the university believes that economic information on careers (such as employment rates and likely salary) is potentially misleading, as it can change dramatically in the time taken to study. Also, many data sets and student survey responses are lag data, meaning that improvements in institutional performance that apply when a student commences are not reflected in the data accessed by that student. Furthermore, institutional information, such as course information, can change frequently and needs constant updating. These barriers can be overcome by careful selection of data for publication and information to users on the potential lag factors involved.

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

In higher education, a large amount of data is already collected and published by the government, through student survey mechanisms (the Quality Indicators of Learning and Teaching site) and on provider websites (e.g. admissions information). These data sets should be accessed and expanded to cover other providers in comparable ways. Given the comprehensiveness of existing data collection and the already considerable cost of provision, additional data sets should be avoided.

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

The university believes in the importance of learner's decision-making for possible avenues of study being based on aptitude, interest, enjoyment etc, not on potential economic outcomes. The report's approach to learner decision-making can be easily adapted into a useful tool if the economic factors are removed. As mentioned elsewhere, economic factors, such as employment rates and starting salaries, are unreliable in making career decisions because of the lagged nature of the data and the huge environmental changes that can occur in the time between commencing and completing a course of study. Once a learner has some sense of their potential career interest, the single-source of market information becomes relevant in helping them form a decision.

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?

The university agrees that funding responsibilities should be split, however as note above it proposes the split be based on sector not AQF level.

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?

With the multiple state and territory governments and the commonwealth involved, the university agrees that splitting funding between government levels can lead to problematic outcomes. The disparate attempts at including market forces within higher education and VET over recent years are an example of differing policies being applied to the tertiary education sector. The university believes that creating a single tertiary model can establish guidelines that would limited these differences.

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?

The university supports continuation of this funding. This funding enables TAFE institutions to fulfil niche markets (in terms of discipline and/or location) that would otherwise not be filled.

16. What are your views on the proposed methodology that determine the subsidy rates (see proposal six)?

The university believes in the principle of basing funding on the costs of teaching, and recognises the principle of public versus private benefits in determining allocations of cost. However, any costing exercise needs to reflect the full and true cost of providing education. A calculation of delivery costs in each

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discipline will not be adequate. Costing must include the mission aspects of the institution (such as research and community engagement for universities), the regulatory burden, the imposed governance structures, and the costs of providing data to governments and the single-source market information site. As noted above, the university believes costing should be based on the effective teaching cost, not the efficient teaching cost.

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. Are these sufficient safeguards? If not, what additional safeguards would you propose?

The university agrees with most of the safeguards suggested. The university also believes that a properly conducted costing exercise (as discussed above) will deliver additional safeguards.

The university strongly opposes any partial or full fee de-regulation. It does so firstly on equity and access grounds, believing that, despite the low price elasticity in higher education, higher student fees will send signals to low socio-economic and debt adverse students not to apply for university. Secondly, should de-regulation be accompanied by a cap in the Lifetime Skills Account, students will find their allocation exhausted more quickly, reducing the lifelong learning benefits of the account. Additionally, it is well established that there is a positive relationship between price and demand in higher education, not an inverse one as occurs in other industries. This is because price is seen as a proxy for quality, and higher perceived quality leads to higher demand. Because of this, when deregulation policies are implemented institutions (almost universally) tend to rise prices to the maximum available. Australia's history and the UK's current policy changes in this area provide evidence. Finally, deregulation privileges older universities who have leveraged historical government policy and funding into high rankings on league tables. This gives these institutions an unfair competitive advantage. As there is not a link between this privilege and higher graduate outcomes or student satisfaction, there is no national employment incentive to providing advantage to these institutions.

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. 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? Who should the Board be chaired by – industry or government, and why? Should the Board have any policy responsibility, and why?

The university does not support this institution being a not-for-profit company. It believes the body should be a government one, suggesting it be created and overseen through a COAG mechanism. This will enable the policy direction preferred by the nation to be implemented via the political process. As a government body, it should be chaired by government, though it should have significant involvement from both industry and the sectors. The Board should have responsibility to advise on, but not create, education policy.

19. What are your views on adopting a more modularised approach to skill development to support lifelong learning?

As noted above, the university strongly supports this approach to skill development. In doing so, it recognises that such modules should be available from a variety of providers in a variety of forms, with

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some leading to formal AQF qualifications and some to other forms of certified recognition. The university is already applying this methodology in its own curricula.

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

To truly embrace a modular approach to learning there needs to be a broader understanding of a 'qualification.' Study leading to formal AQF qualifications should be available alongside shorter, more focused opportunities for study which are also certified. Such certification must be provided by recognised providers who meet the same quality assurance standards as existing providers for learning at equivalent levels, in order to provide confidence to business and learning institutions that a claim by a student to possess certain knowledge and skills is a valid one. In this approach, there is no need for self-constructed qualifications. Instead, each learner constructs their own pathway of study, combining qualifications and certified modules.

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

Businesses need to partner with both institutions and students in the development and undertaking of study. Universities already approach industry to be involved in course design (through advisory groups) and in teaching (through guest lectures and other opportunities). The university recognises that both parties need to expand their efforts in this regard.

Furthermore, the university believes businesses need to allow flexibility and time for workers to upskill, and access further education. For a culture of lifelong learning to be a success, these learning opportunities must fit in to an individual's employment, rather than in between periods of employment. Universities are already providing study options which allow this, and we welcome business' enabling of their workers to upskill.

Finally, students require mentoring support from within their employer's organisation to apply their learning to their work. Business should work closely with training organisations in providing this mentoring and guidance.