

# GILLARD

## on BRADLEY

## on VET.

‘While higher education is more expensive to offer than many vocational education programs, TAFE Institutes are nevertheless likely to find the higher education funding rates attractive for many disciplines.’

By Gavin Moodie

For once an Australian Government has introduced a policy increasing competition in tertiary education which apparently actually favours TAFE Institutes. In her speech to the Universities Australia conference on 4 March 2009 Deputy Prime Minister Julia Gillard said:

“The Government accepts the principle of this new demand driven funding system. I therefore also announce today that all Australian universities will be funded on the basis of student demand from 2012. This means that we will fund a Commonwealth supported place for all domestic students accepted into an eligible, accredited higher education course at a recognised public higher education provider. Universities will not receive funding for places they do not deliver.” (Original emphasis)

There are currently 10 TAFE Institutes which are already recognised public higher education providers with accredited higher education programs. In response to a journalist’s question about TAFE’s role in offering bachelor degrees Minister Gillard said:

“Well, in the current days, today, there are some technical and further education institutions that deliver bachelor degrees. What that means of course is that there isn’t a clear and hard line between the offerings of vocational education and training institutions and universities.”

This decision is important to TAFE Institutes for three reasons; it gives them access to publicly funded higher education places, it gives TAFE Institutes a significant competitive advantage over private non-university tertiary education providers, and it is likely to encourage the extension of demand-driven funding to at least the upper levels of vocational education and training.

### Access to publicly funded higher education places

State and Territory Governments understandably do not fund their TAFE Institutes to offer higher education programs, since these are the responsibility of the Australian Government. Hitherto the Australian Government has restricted publicly funded places to universities and a small number of other providers. So TAFE Institutes have offered higher education programs to full fee paying students as if they were private providers. As Leesa Wheelahan has argued, this undermines the public role of TAFE Institutes and restricts their contribution to providing a social as well as an educational ladder of opportunity.

While higher education is more expensive to offer than many vocational education programs, TAFE Institutes are nevertheless likely to

find the higher education funding rates attractive for many disciplines. Public higher education places are funded from two sources. The Australian Government provides funding which it calls variously the ‘Commonwealth contribution’ and the ‘Commonwealth Grant Scheme’ amount. This ranges from \$1,709 per equivalent full time student per annum in business and law subjects to \$18,610 per student in agriculture, dentistry, medicine and veterinary science subjects.

In addition the Australian Government permits institutions to charge students a maximum Higher Education Contribution Scheme (HECS) amount that it sets for each discipline. This ranges from \$4,162 for a full time year for subjects in mathematics, nursing and science, to \$8,677 per year for business, law and medicine subjects. Combined, these produce funding rates ranging from around \$10,000 per equivalent full time student per year in business, humanities and law to \$27,287 per year for dentistry, medicine and veterinary science studies.

**Table: Funding rates for public higher education places, 2009**

Discipline	Commonwealth contribution	Maximum student contribution	Total
Accounting, administration, economics, commerce, law	\$1,709	\$8,677	\$10,386
Agriculture	\$18,610	\$7,412	\$26,022
Allied health	\$10,317	\$7,412	\$17,729
Behavioural science, built environment, computing, other health, social studies	\$8,389	\$7,412	\$15,801
Clinical psychology, foreign languages, performing and visual arts	\$10,317	\$5,201	\$15,518
Dentistry, medicine, veterinary science	\$18,610	\$8,677	\$27,287
Education	\$8,389	\$4,162	\$12,551
Engineering, surveying	\$14,664	\$7,412	\$22,076
Humanities	\$4,743	\$5,201	\$9,944
Mathematics, statistics	\$11,639	\$4,162	\$15,801
Nursing	\$11,517	\$4,162	\$15,679
Science	\$17,914	\$4,162	\$22,076

Source: Department of Education, Employment and Workplace Relations (2008).

## TAFE's competitive advantage

The Government will continue to make its guaranteed and subsidised Fee-help loans available to students occupying full fee-paying places. These will continue to be available to TAFE Institutes as well as private higher education providers. But as public institutions, TAFE Institutes will also have access to Commonwealth supported places on exactly the same terms as universities. TAFEs will be able to present themselves as direct alternatives to universities since their students' fee arrangements will be the same as universities'.

Public higher education places will give TAFE Institutes a new stream of programs supported by a new source of revenue. Universities say that funding rates are depressed, and they are declining to apply for new places in nursing because they say its funding rate does not cover both their costs and the State health departments' charge for students' clinical placements. Nonetheless, higher education funding rates have not been cut as heavily as vocational education funding rates, and so are likely to be attractive to many Institutes. I expect TAFE Institutes will compete vigorously for higher education students.

All the TAFE Institutes currently registered as higher education providers are in the capital cities except for the Gordon Institute which is in Geelong, a city of 166,000 people with well established infrastructure. TAFE Institutes' higher education programs should be particularly suitable for cities with populations of around 50,000 such as Bunbury, Gladstone, Mildura and Wagga Wagga. These are not big enough to support a separate university campus yet there is often strong interest amongst the community and employers for higher education programs. Typically these cities support strong and well established TAFE Institutes which would be well placed to offer bachelor degrees, perhaps in collaboration with a university.

## Demand-driven funding extended to vocational education programs

In her speech to the Big Skills Conference on 5 March, Minister Gillard noted that proposals to extend student entitlement funding or vouchers for VET aroused great passion. She acknowledged that introducing student entitlements for VET would be a significant change, the merits and implications of which should be publicly debated and discussed. Much of that debate will necessarily be hypothetical, since there is little experience of a student entitlement system of tertiary funding, either in Australia or overseas.

The introduction of student demand driven funding for public higher education will provide an ideal experiment to test vouchers for tertiary education in which TAFE Institutes may have direct experience. If public higher education vouchers are as benign or even as beneficial as some analysts expect, this is likely to encourage the Australian and State Governments to extend them to vocational education diplomas and advanced diplomas as recommended by the recent review of Australian higher education chaired by Professor Denise Bradley. Extending student entitlements to the upper levels of vocational education may be hard to resist if TAFE Institutes have been enthusiastic participants in higher education student entitlements.

## Don't discount HECS

You will recall that the Australian Government permits institutions to charge students HECS fees up to a maximum it specifies for each discipline. Institutions are therefore permitted to offer places for reduced or even no HECS if they want. Some institutions such as the Australian National University, the University of Tasmania and the University of New England initially set their fees 25% below the maximum, but they did not enjoy an increase in demand. Other institutions such as Macquarie University set their fees at \$0 for some science programs, but again the university did not attract additional students in this program from waiving its fees.

The lesson from all of this — and from other countries which have followed Australia in introducing HECS — is that students are not sensi-

tive to the level of fees with a properly designed income contingent loan scheme. That means there is no point in a TAFE Institute lowering fees in an attempt to attract more students; it will not attract more students and will simply be foregoing important revenue. I emphasise this because there may be pressure from TAFE directors, program heads or teachers to lower fees in an attempt to attract students to struggling programs. That pressure should be resisted because it will not succeed in attracting students and it will reduce the resources available to the Institute.

In any case, TAFE Institutes should be presenting themselves as providers with high quality and high standards. Correctly or not, students are behaving like consumers, and to consumers low fees suggests low quality. TAFE should position itself at the middle not the bottom of the market.

## Redressing the democratic deficit

The Australian and several State governments have introduced major changes to vocational education with inadequate if any consultation with those affected. In contrast, there is extensive consultation over changes to higher education and other areas. The changes described above were made on the recommendation of a review of Australian higher education. The review panel held consultations in most major cities, invited written submissions, released a discussion paper and later published its final report. The review published its paper, report and the submissions it received on a web site. Before the Government decided on the review panel's recommendations, Minister Gillard held consultations with university groups and other major stakeholders.

The failure of the Australian and State and Territory governments to undertake similar consultation on changes they contemplate to vocational education has produced a democratic deficit — a gap between government decisions and the participation of the citizens affected by those decisions. John Ross presented a similar argument in *Campus Review* on 9 December 2008. It is important to challenge governments to restore opportunities for the public to contribute to vocational education policy to:

1. increase the legitimacy of government policy;
2. improve the quality of policy by exposing ideas to public debate and contribution;
3. establish the ground for implementation from the early participation of those responsible for implementing policy.

I suggest that we build a demand for restoring the democratic deficit in vocational education policy by:

1. taking full advantage of the opportunities that are already available for participation in policy debates by, for example, making submissions to such government enquiries as are established and contributing to parliamentary enquiries;
2. providing feedback to such evaluations as are conducted openly and participating in policy discussions within our institutions; and
3. by good standard grass roots activism such as writing to ministers and our local members of parliament, writing for *Campus Review* and other media, posting comments on discussion boards, etc.

I suggest each of us take these actions individually as well as collectively in our workplaces, associations and union. ❖

*Gavin Moodie is principal policy adviser for Griffith University, Brisbane and the Gold Coast. This article is based on a paper presented to the Australian Education Union 2009 National TAFE Council Annual General Meeting, Melbourne, 14 January 2009. The final report of the review of Australian higher education is available at [www.deewr.gov.au/he\\_review\\_finalreport](http://www.deewr.gov.au/he_review_finalreport)*

