

# DUAL-SECTOR PAPER IN RESPONSE TO VET FUNDING REFORM DISCUSSIONS

Proposals from Australia's Dual-Sector Universities



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## Executive Summary

This paper has been prepared by the Vice-Chancellors of Australia's six dual-sector universities, in response to the Productivity Commission's recent Interim Report of the National Agreement for Skills and Workforce Development (NASWD).

Since this paper was written, the Federal Government announced the JobTrainer program which entails significant national VET funding arrangements. The dual-sector universities therefore suggest the Commission give consideration to the JobLeaver program prior to the publication of the final report of the NASWD review.<sup>1</sup>

The paper offers suggestions for a more coherent tertiary education system and suggests policy settings which would enable dual-sector universities to deliver on their full potential.

While certain proposals in the Productivity Commission's report concerning income contingent loans for VET students are most welcome, the distinct and vital role of quality public VET provision must be acknowledged front and centre in any serious policy discussion.

Further, given past market failures, lessons must be learned with respect to the appropriate use of public subsidies. Traditional free market principles are not necessarily applicable to the Australian VET system, at least not totally. It is imperative that taxpayers have full confidence they are supporting quality, standardised provision which will result in employable graduates.

Public VET providers have historically endured significant competition from private providers, and yet promised efficiencies have not materialised, but rather, opportunistic providers have exploited successive Government funding schemes.

As Australia begins to emerge from the COVID-19 crisis and its deep economic impacts, an innovative and highly adaptive VET system will be required to ensure a workforce that is equipped with the appropriate skills to drive productivity, while contributing to economic recovery and social development.

The respective roles of the Commonwealth and the States in VET funding must be settled at the National Cabinet level as a matter of urgency, and design of a more coherent and fair tertiary system must be pursued as a strategic priority.

In this paper, the dual-sector universities provide both best practice examples of a collaborative and complementary post-secondary education system, while simultaneously highlighting the barriers which can prevent the seamless integration of programs and effective pathways.

The role of training packages, and their efficacy in building a fit for purpose curriculum in an uncertain and rapidly evolving job market must also be examined, particularly when recent data tells us that only a quarter of graduates are currently employed in jobs that broadly match their training packages.<sup>2</sup>

Further, while the consideration and co-design of curriculum based on both current and anticipated industry needs is essential, VET graduates are increasingly engaging with an unstable job market with growing levels of underemployment.

It is therefore incumbent upon providers to equip graduates with broad, transferable capabilities which will serve them over their entire careers, in addition to specific skill requirements which are subject to change.

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<sup>1</sup> <https://ministers.dese.gov.au/morrison/jobtrainer-skills-package-economic-growth-and-recovery>

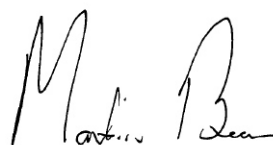
<sup>2</sup> National Centre for Vocational Education Research, 2019 VET Student Outcomes Survey, 2019

We further reiterate the proposals set out in our 2019 paper for a more fundamental rethink of the post-secondary education system in Australia, including:

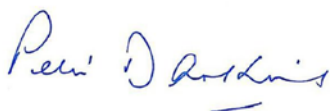
- A coherent funding framework for higher education and VET, with cooperation between the Commonwealth and States and territories.
- Ensuring the recently recommended AQF reforms are adopted in full, and that learners are supported with a wide variety of choices and pathways across the continuum of AQF qualifications.
- Further extending work-based learning opportunities into new and emerging industries and occupations in both VET and higher education, through partnerships with firms, industries and the labour movement.
- Modernising VET qualifications and their development to focus competencies on broad and future skills requirements.<sup>3</sup>



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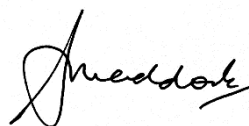
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<sup>3</sup> Reforming Post-Secondary Education in Australia: Perspectives from Australia's Dual-Sector Universities, 2019



## Public VET Provision and Learning from Past Market Failures

### *State-based VET Funding Guarantees and VET FEE-HELP*

The important contributions of both public providers and high quality private Registered Training Organisations to Australia's VET system are recognised and understood. However, the unique role of TAFEs and dual-sector universities in delivering both the majority of government funded VET in Australia, and the legislated community service obligations of these providers, have been historically overlooked in previous reform efforts.

The 2008 introduction of contestable funding for training subsidies in Victoria via the Victorian Training Guarantee (VTG), was followed closely by the introduction of the current National Agreement on Skills and Workforce Development (NASWD) in 2009, which initially provided income contingent loans for higher level VET qualifications (VET-FEE HELP).

The introduction of the VTG in Victoria in 2008, which opened up public VET subsidies to private providers, was followed by the removal of most TAFE specific funding in 2012, with the ostensible aims of creating a level playing field between public and private providers and aligning delivery to labour market needs.

What ensued in Victoria was the rapid growth in VET expenditure, with recurrent Government investment increasing by 80% from 2008 to 2012<sup>4</sup>. This significant growth occurred almost exclusively in the private RTOs, with total Victorian VET enrolments increasing by 32% between 2008 and 2012, compared to circa 7% in the rest of Australia over the same period.<sup>5</sup> During this period, the market share of Victoria's non-TAFE VET providers rose from 10% to 40%, while the national growth in private RTO market share over the same period rose from 16% to 23%.<sup>6</sup>

The introduction of the VTG led to the entry of a large number of unscrupulous, for-profit private providers, many of which were found by the Federal regulator to be offering inappropriate inducements and incentives to students to enrol in courses with questionable employment outcomes.<sup>7</sup>

In Queensland, the VET market was similarly opened to competition. In 2010, apprenticeship and traineeship funding became fully contestable and 2014 saw the addition of full competition for government subsidies on all publicly funded priority training.

Since becoming a dual-sector in July 2014, CQUniversity's market share has gradually declined, while that of private pre-qualified providers has increased. CQUniversity is unable to compete directly with private competitors on price, in what is a largely inelastic market.<sup>8</sup>

Private providers' key competitive advantage is lower prices, because generally they have lower costs. Public providers' costs are influenced by the expectation they will offer a broad range of qualifications and deliver training in remote and regional areas or where there is low demand. The government also expects public providers to provide strong leadership in the delivery of quality VET services and support displaced students following the collapse of a private registered training organisation.<sup>9</sup>

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<sup>4</sup> Productivity Commission, *Report on Government Services*, 2014

<sup>5</sup> National Centre for Vocational Education Research (NCVER), 2014

<sup>6</sup> Ibid

<sup>7</sup> Australian Skills and Qualifications Authority *Marketing and advertising practices of Australia's registered training organisations* (RTOs) 2013

<sup>8</sup> Queensland Audit Office Report, *Investing in Vocational Education and Training*, 2019

<sup>9</sup> Ibid

Queensland's public VET provider share of the market dropped from 80% in 2012–13 to 55% in 2016–17.<sup>10</sup>

In 2012, the Federal Government expanded income contingent VET loans (for VET Diplomas) across Australia. While initial take up of the scheme was low, increased access to fully deferred Government loans led to a great many new for-profit private market entrants seeking to capitalise on an obvious commercial opportunity.

Consequently, the number of approved VET FEE-HELP providers increased from 37 in 2009 to 254 in 2014, while the number of students accessing VET FEE-HELP loans increased from 5,000 in 2009 to 235,000 in 2014.<sup>11</sup> Further, of the \$770m worth of VET FEE-HELP payments made to 2014, 77% went to for-profit, private RTOs, with no caps on student fees.

While it is acknowledged that public TAFEs, and dual-sectors, also derived a financial benefit from the introduction of the scheme, Government restrictions and obligations guarded against predatory marketing practices.

The cost blowout was eventually arrested when VET FEE-HELP was replaced with a new scheme in 2016 (VET Student Loans) replete with strict loan caps and greater compliance requirements, however the damage done to public trust in the sector from this saga should not be underestimated.

The VET FEE-HELP debacle, and the virtually unregulated access to Government subsidies by private entities it enabled, is sadly not an isolated incident, and Governments of all political persuasions do not appear to have learned the lesson that despite the protestations of free marketeers, allowing near unfettered access to Government subsidies with little to no oversight will invariably lead to exploitation and profiteering.<sup>12</sup>

#### *Public VET and Community Service Obligations*

The Commission's assertions on page 200 of the Interim Report that "(additional payments to public VET providers) are likely to distort competition between public and private providers, breaching competitive neutrality principles<sup>13</sup> and that funding higher-cost public providers outside competitive processes will diminish returns from the public funds invested in training are strongly refuted by the dual-sector universities.

These allegations are not supported by evidence, while the inverse statement, that forcing public education providers with legislated commitments to community service provision into competition with for-profit entities not similarly restricted, leads to poorer outcomes for students and far worse outcomes for the taxpayer, is strongly supported by repeated historical outcomes.

While the barriers private RTOs face to market today entry can be debated, there can be no denying that such providers face far lower barriers to market exit. For example, a private RTO can very easily set up training premises in a location for which there is student demand and just as easily close, upsize, downsize or move those premises if further changes in demand require it.

Public providers, on the other hand, face significant constraints where they need to make operational changes in response to changing patterns of student demand. In Victoria for example, dual-sector universities require Ministerial approval for the sale or lease for a period of 20 years or longer of any property valued at greater than \$5 million.

CQUniversity, Queensland's only dual-sector university cannot repurpose or divest any of its VET infrastructure unless they are for the future educational use and must also notify the Minister of any

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<sup>10</sup> Queensland Audit Office Report, *Investing in Vocational Education and Training*, 2019

<sup>11</sup> Australian Government, Department of Education, 2014

<sup>12</sup> [https://www.abc.net.au/radio/programs/am/lockdowns-could-cost-economy-\\$1b-per-week-frydenberg/12432968](https://www.abc.net.au/radio/programs/am/lockdowns-could-cost-economy-$1b-per-week-frydenberg/12432968)

<sup>13</sup> Productivity Commission, *National Agreement for Skills and Workforce Development Review, Interim Report*, 2020

significant actions. This includes the removal or reduction of courses offered, and indeed any action that may have a material financial impact.

The fact that it is difficult for TAFEs and dual-sector universities to dispose of assets which are no longer required exposes them to significantly higher maintenance costs than are incurred by private RTOs. There are also additional legislative obligations imposed on TAFEs which contribute to higher costs of public provision.

The need for a strong system of support for public providers with community service obligations, including dual-sector universities, is well established, with these payments recognising the higher costs of delivering education to learners of various needs.

When VET funding is fully contestable, public providers will invariably be at a significant competitive disadvantage, as private providers can choose offerings with a view to extracting maximum profits from the taxpayer, rather than addressing identified community and labour market needs.

Further, as Australia seeks to emerge from the COVID-19 pandemic, a renewed market driven focus during a period of increased volatility for VET would have a destabilising effect on both the sector and student outcomes.

In Queensland, contestable VET 'subsidy' funding is now provided only upon completion of the training, and not upon enrolment. And then, only after student engagement and progression is able to be proven. Similar 'demand-driven' constraints exist across the other States' public providers.

What this means is that dual-sector universities and other publicly-funded VET providers must cover the cash-flow of a large proportion of the income received from Government. This requires dual-sector universities to fund the delivery of training upfront, until reimbursed upon completion and in turn, puts significant strain on cash flow.

#### KEY RECOMMENDATION 1

The dual-sector universities recommend that the Commission undertake a thorough analysis of contestable markets constructed around public subsidies, before the Final Report of the Review of the NASWD is published.

#### KEY RECOMMENDATION 2

That the Commission acknowledge and accept the community service obligations of public VET providers to ensure an appropriate breadth of service and to provide additional support for higher needs learners must be protected at all costs.

#### *Co-investment and Standardisation for a Sustainable VET Funding Agreement*

While a reasonably compelling case can be made for ceding control of VET funding entirely to the Commonwealth, such arguments are based on a defeatist reasoning that the lack of accountability and cost-shifting activity seen today are unavoidable features of agreements between States and the Commonwealth.

However, before fair and equitable investment from both levels of government can be ensured, the overarching system architecture must be overhauled to be both coherent and fit for purpose, with better alignment of loan schemes and public subsidy levels a must if a lasting and effective agreement is to be struck.

While States have long criticised the level of funding support received from the Commonwealth, funding data demonstrates it is the support from State Governments that has diminished in recent years, often leading to significantly increased student fees, and a significant variance between States in subsidy levels.

Analysis from the Mitchell Institute demonstrates that in 2008, Australia's total investment in the VET sector was approximately \$8.1 billion in real terms. This investment then peaked in 2015, before falling to below 2008 levels in 2017, with investment now at its lowest level in over 10 years.<sup>14</sup>

Disappointingly, despite its extensive analysis of the performance of the NASWD, the Productivity Commission does not once acknowledge this declining investment as being the proximate cause, or even a contributing factor to targets not being met in the agreement.

As the dual-sector universities have previously suggested, a sensible approach would be for the Commonwealth to assume funding responsibility for all AQF level 5 and 6 courses, which are currently offered in both vocational and higher education settings, and those courses where credit based learning pathways are negotiated and formalised between VET and HE providers.

Further, the opportunity to co-engage skills training with university degrees to emphasise work-ready capabilities warrants further exploration. Dual-sector universities are particularly well placed to incorporate the practical skills from AQF level 4 to 6 qualifications in the delivery of degrees. Future systems should consider units to be the basic commodity, rather than a full Certificate. It has been the experience of Charles Darwin University that businesses frequently require certain units for their employees, often to complement in-house training, with the choice to complete further units to complete a Certificate left up to the individual.

### *Subsidiarity*

The Productivity Commission asserts on page 16 of the NASWD Interim Report that the principle of subsidiarity implicit in federation suggests that functions should be devolved to the extent possible to allow for greater accountability, while at the same time conceding that the principle of subsidiarity does not preclude the desirability of a national system if there are sufficient benefits.<sup>15</sup>

However, this devolution can only be deemed advantageous if State and Territory control over expenditure is deemed the best possible option. While arguing for simplified and consistent subsidies on the one hand, the Commission expresses reservations about national consistency, citing subsidiarity and local needs.<sup>16</sup>

Subsidiarity should not be invoked in this case, as State and Territory autonomy to set subsidies would invariably undermine the consistency that is only possible under national control, with input from the Commonwealth informed by the National Skills Commission analysis.

### *National Cabinet Priorities*

With COAG now abolished, and the National Cabinet set to persist beyond the COVID-19 pandemic with Skills being identified as a priority strategic focus, the opportunity to strike a new and more equitable and lasting partnership is upon us.

As the Mitchell Institute have observed the Australian Government is actually investing more in real terms in the VET sector than it did in 2008. Its share of investment has risen from 26.5% in 2006 to 38.2% in 2018. At a national level, Australia's total reported investment in the VET sector is at its lowest level in real terms since at least 2008.<sup>17</sup> At the same time, VET investment in Victoria has

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<sup>14</sup> Mitchell Institute, *Australian investment in Education: Vocational Education and Training*, 2019

<sup>15</sup> Productivity Commission, *National Agreement for Skills and Workforce Development Review, Interim Report*, 2020

<sup>16</sup> Ibid

<sup>17</sup> Mitchell Institute, *Australian Investment in Education: Vocational Education and Training*, 2020



nearly halved since 2012, and has dropped in real terms by 21% in NSW since 2006.<sup>18</sup>

While there is merit in the States retaining a degree of autonomy, in order to implement settings that address local skills needs and labour market shortages, the widening disparity between States in subsidy levels and eligibility requirements is creating a lopsided and inconsistent market for students and providers which operate in two or more jurisdictions.

Course fee caps agreed between the States and matched by an income contingent loan scheme administered by the Commonwealth is one possible solution to this dilemma, however accountability and responsibility would need to be jointly shared between both levels of government, on strict terms agreed at the outset and guaranteed for the long term, subject to periodic review.

Extreme vigilance would also be necessary to ensure the VET FEE-HELP experience was not repeated, however the current VET Student Loans scheme, which covers only 44% of VET degrees is not fit for purpose and could be considered an overcorrection to the cost blowouts and rorting that occurred under its forerunner.<sup>19</sup>

The Productivity Commission's suggestion of a student voucher system in lieu of subsidy payments to providers, i.e. a model where funding follows the student, is at odds with design principles which would ensure delivery in disciplines aligned with labour market and industry needs.

The current health crisis and the need to retrain a significant number of displaced workers has provided the ultimate burning platform for redesign of the current flawed funding model. The status quo simply will not do, and until no post-secondary student in Australia is forced to pay upfront fees, we will continue to have a tertiary system in which VET is regarded and essentially funded as the poor cousin of higher education.

The Federal Government's announcements on 16 July 2020 concerning the JobTrainer scheme, and its requirements for matched funding from the States and Territories, represents a welcome step towards a more collaborative and consistent National VET partnership.<sup>20</sup>

### KEY RECOMMENDATION 3

That the National Cabinet urgently consider a new VET funding agreement between the States and the Commonwealth, with uniform fee caps, strict quality assurance provisions and a fully deferred, income contingent loan scheme for all students.

### KEY RECOMMENDATION 4

That the Commonwealth agree to assume responsibility for all sub-bachelor degree level funding at AQF levels 5 and 6, to allow for innovative co-design and pathways between programs delivered at both VET and HE providers.

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<sup>18</sup> Ibid

<sup>19</sup> Ibid

<sup>20</sup> <https://www.abc.net.au/news/2020-07-15/government-jobtrainer-program-skills-investment-coronavirus/12459388>

## Dual-Sectors in Focus

As the only providers of tertiary education with a mandated role to deliver across the whole continuum of AQF qualifications, Australia's six dual-sector universities have a wealth of experience in blending the practical with the pedagogical, and complementing the strengths of each sector in co-designing curriculum and pathway programs.

In fact, notwithstanding systemic barriers which still present difficulties to more seamless integration, dual-sector universities can be considered a microcosm of a connected tertiary system.

The following case studies demonstrate the unique role of dual-sector universities in course design and innovation.

### **CASE STUDY: Federation University**

#### **P-TECH - Delivering end to end skills, training and education for job ready graduates**

Federation delivers P-TECH in conjunction with IBM. P-TECH is an education model that provides young people from diverse backgrounds with the academic, technical and professional skills they need for IT related jobs.

Collaboration between education and industry strengthens the connection between student learning and the skills that employers need. It improves the student's prospects of employment and includes opportunity to connect with industry through:

- an IBM industry mentor
- hands on work experience and cadetships
- defined pathways to achieving higher qualifications
- an innovative approach to learning.

Federation College students can commence study in Intermediate VCAL and progress the Senior VCAL obtaining a Certificate III in Information. Digital Media and Technology. The students then have the ability and are encouraged to progress to the Certificate IV and Diploma in Information Technology and or the Certificate IV in Cyber Security. These qualifications can also articulate into the Bachelor of IT. At completion of their study the students are highly employable and are sought after by industry.

Federation College students work alongside IBM staff on real projects with real clients, from developing testing scripts for the banking sector to solving tricky programming glitches in airport check-in kiosks. IBM staff were unanimously positive about the intern experience, praising the students for their work-readiness, technical skills and creative thinking. With all of these students now moving onto further education, IBM, the P-TECH teachers and Fed College staff are proud to have supported these students' personal growth and success.

### **CASE STUDY: Central Queensland University**

#### **Jasmine Meredith – A shining example of the successful transition from high school, to TAFE and to university**

Watching nurses care for a loved one in hospital may have made Jasmine Meredith want to become one, but the smooth training pathway transition from Diploma to Bachelor degree at CQUniversity was what made her dream a reality.

Jasmine is one of many CQUniversity students who started as a Vocational Education and Training (VET) student and has since transitioned into a degree, and it was the VET training which helped her hit the ground running.

Jasmine said her first year of the Diploma of Enrolled Nursing gave her the fundamentals and confidence that she would ultimately need to do the Bachelor of Nursing.

"The first year in the diploma was exciting. I was working as an assistant nurse at a nursing home at the time which helped me immensely in my assignments," she said.

"In the training I enjoyed the aspects of how to provide quality care and how to properly treat patients while maintaining their dignity. I also got along so well with the other students in the course and we helped each other so much, it was a great environment and atmosphere to train in.

I found that by completing the diploma, transitioning into the bachelor made it much easier and less confronting and scary. I am glad I did the step into enrolled nursing first."

She said after completing high school she was uncertain of what career path she wanted to take but it was while in hospital visiting a loved one that she witnessed nursing first-hand.

"I wanted to become a nurse after a personal experience where the hospital became a second home due to a family member becoming sick," she said.

"Instead of the experience driving me away from the hospital setting it instead drove me to wanting to help those in need and to have a positive impact on people's lives."

During her studies, Jasmine undertook work placements in aged care, community care and acute care at the Rockhampton Hospital which also put her in good stead for the degree, which she is currently studying.

"At the moment I am studying the degree full-time while also working as an Assistant Nurse at the hospital full-time," she said.

## **CASE STUDY: Swinburne University of Technology**

### **Tim – The path to creative industries**

Growing up in a creative family and spending much of his childhood making things and building models, there was little doubt Tim would end up in a creative field. During secondary school and VCE he studied visual communications, studio arts and interior design in pursuit of his creative dreams.

Following a gap year and ready to take the plunge into study Tim decided upon Swinburne's Diploma of Graphic Design. "It just seemed the better option, the pathway stood out." Swinburne's Graphic Design course has secured solid enrolments for many years, due to the solid underpinning skills of project management, design strategy, typography, illustration, branding, animation and digital design leading to career options in advertising, publishing and design.

"The course was a lot broader than I expected. It introduced you to other areas of graphic design. I expected the usual stuff like logos but I wasn't expecting to enjoy the theoretical side—colour theory and coding. I got the opportunity to fine tune my practical skills and work out the right path."

The Diploma of Graphic Design also prepared Tim for the competitive industry with an impressive portfolio and work experience with Redefine Life Centre, a mental health consultancy offering life counselling and support services. "The work experience I gained in the course was a great opportunity." Tim enjoyed the opportunity to collaborate with IT professionals on illustrations for Redefine Life's social media and website.

Redefine's Founder was so impressed with the results, Tim received a call back and is now collaborating with them and a web developer on a series of sprites and animations for Redefine Life's new game app. The app is a new mental health initiative which advises users about how to improve their mindset. "The project is good experience whilst I complete my Bachelor of Design."

Like many vocational students at Swinburne, Tim took advantage of strong pathways into higher education and commenced in the third year of the Bachelor of Design. "I hope to finish this year and hit the job market. I feel confident that I'm prepared." Thirty seven Diploma of Graphic Design students like Tim, are furthering their study with Swinburne this year.

#### **CASE STUDY: Royal Melbourne Institute of Technology**

##### **Sebastian Mollison – Advanced Diploma of Engineering Technology – Electrical, Bachelor of Engineering (Electrical and Electronic Engineering) (Honours)**

When Sebastian graduated from the advanced diploma, he followed the pathway into the Bachelor of Engineering (Electrical and Electronic Engineering) (Honours) and won Gold at the National WorldSkills Competition.

“I used to, as a kid, pull apart all the toys and stuff bits of batteries to lights and wire it up and connect it to my Lego, and make little cars that drive around. As I got older, I went from Lego and lights to robotics, when I was in high school.

I chose RMIT because they have a more practical approach in their teaching. Rather than reading about a circuit, I get to actually build one. Or instead of reading about how you program or simulating on a computer, I actually get to write a code and then watch it make a machine work or a sequence run.

One of my teachers saw I was doing quite well and recommended me towards a small competition. I didn't know what it was – I just said 'sure' to get a day off and compete in something I really enjoyed. So I competed in that competition [and] ended up coming in second.

That led to me going into the National WorldSkills Competition the next year. So now I suddenly had learnt what I was actually doing: I was competing in a national mechatronics competition against the best in Australia, and I ended up coming first.

During the hours upon hours of training, and with other expenses I didn't even know about, RMIT helped out. Particularly, teachers gave a lot of time.

They surrendered part of their classrooms to help me practise or they helped get the funding required, along with the government, to send me to an international competition.

I always had a list of teachers I could always go to and ask a question to. They're always available for help. Even when I'm not in their class anymore, I can still go to some of them and ask questions.

The best thing about it is you're doing something you love, so you're surrounded by those people who also enjoy that exact same thing. So, it's really a great place to meet people, and I've made some true lifelong friends.”

#### **CASE STUDY: Victoria University**

##### **Monika Mathur – Upskilling with an industry informed qualification**

Monika Mathur was already working as an IT professional when she decided to upskill with a cybersecurity qualification from VU Polytechnic. Monika's story typifies a working example of tertiary education aligning the labour market with industry needs and responding rapidly to contemporary and future workplace skill gaps.

“I have done my Master of Computer Applications. I chose to study the Certificate IV in Cybersecurity (22334VIC) to update my skills in IT, as the cybersecurity industry is in a boom phase.

The most valuable thing is no doubt the knowledge and confidence we get every day knowing that our assessments and 'hands-on' learning activities, like Linux Packet Trace, have had direct input from external cyber security industry experts who liaise with our teachers. We have had a chance to meet and learn from industry practitioners, including leaders from CISCO, Telstra and Splunk, who join our live classes digitally.

Not only do we develop our technical abilities, we also work on our communication skills be able to demonstrate our work. The teachers are encouraging and cooperative. They treat everyone as equals and encourage us to do our best.

I really enjoyed the Communication and Cyber Networking units. In the communication unit, we demonstrated the project work learnings to the university's own Cyber Security employees. The best part is the multicultural environment here at VU and the emphasis on supporting women and seeing women in IT and cyber careers. I find myself very lucky to pursue my studies here at VU Polytechnic. I am sure I am going to make a career in cybersecurity and I'm excited to pursue my dreams. I may also pursue further studies plus some certifications like CCNA/CCNP."

Monika's VET experience of VU Polytechnic's Certificate IV in Cybersecurity is greatly enhanced because the course is genuinely industry informed. From the outset, a Cybersecurity Industry Advisory group\* was established as volunteer 'critical friends' to provide input on:

- unit sequence design, relevance and currency of proposed content and assessments
- current hardware and software requirements, including employer preferences
- design and establishment of a purpose-built Cyber Security Operations Centre at VU with 'live' Red and Blue rooms to apply attack and defence skills
- relevance and currency of proposed unit content and assessments
- opportunities for internships and workplace experience.

Through these crucial professional networks, VU is able to offer value-adds, such as:

- Masterclass Series in specialist areas (Pen Testing and Cyber Forensics).
- Cyber Sit-down Series where industry tell their career story to inspire students.
- Q&A Panel Discussions where students get to ask burning questions such as, 'How do I get a job in Cybersecurity?'

As a dual-sector university hosting a Tech School, VU offers a complete cyber pathway from Year 9-12 experiential programs, into TAFE, undergraduate and postgraduate qualifications, with multiple entry and exit points. The fulcrum to leverage productivity for economic recovery and global competitiveness is a highly adaptive VET system that can lead and respond to work skills requirements.

*\* The Advisory Group has experts from Cisco, Optus, Splunk, Trustwave, Telstra, Telstra Purple, Melbourne Water, Defence Health, Australian Computer Society (ACS), Australian Women in Security Network (AWSN) and AustCyber.*

## **CASE STUDY: Charles Darwin University**

### **Kelly McCann – Creating your own learning journey**

When Kelly McCann saw an advertisement in the local newspaper for Indigenous Trainees to apply for a new Indigenous Apprenticeship Pilot Program at Charles Darwin University (CDU) she thought to herself, 'what a great opportunity to get myself out of the retail and hospitality industry to obtain the right skills that would set me up for the future'. Little did she know at this time that the opportunity CDU had presented would become a future stepping stone for the beginning of a learning journey that would see her dipping in and out of studies to then commence a Bachelor of Laws twelve years later.

Kelly's initial motivation for study came down to a well-placed opportunity and wanting to be a role model for her young family. "I had just had my daughter in June of 2006 and knew that this child would be the last of three daughters, and thought it was now time that I could consider myself and how I was going to plan a future for myself and my family." Although her initial application into the Indigenous Apprenticeship Pilot Program did not quite go to plan, (as her first preferences were unavailable), CDU offered Kelly a Certificate III in Business Services which she successfully completed over a period of eighteen months. Since completing her Certificate III in Business Services Kelly has also successfully achieved a Certificate IV in Project Management Practice.

At the time of undertaking her VET qualifications Kelly did not see how it was setting her up for the future. "I have always been a firm believer in if you want something bad enough you have to work for



it. Upon reflection I can see that through my VET studies that I have bettered myself and set myself up for completion of my Bachelor of Laws.”

In December 2018 CDU promoted an opportunity to complete an intensive Indigenous Pre-Law Program. With her current role as a Legal Support Officer at Power and Water Corporation in mind and after weeks of contemplation Kelly took the plunge and completed the program in February 2019. The program offered entry into the Bachelor of Laws degree and whilst this was another tough decision Kelly’s motivational drive outweighed any initial reservations, “how fantastic it would be to be a role model for my three daughters, so they could see the effort of hard work paying off, to see their mumma have a degree, and how rewarding it will be once I am through to support people that don’t have a voice, and to fight for equality and a greater justice.”

Kelly is currently working full time and is a single mother of three teenage daughters; she has completed eight units of her degree and is enrolled in another three units this semester. When asked about her learning journey Kelly commented, “I have been very fortunate through my learning experiences with CDU, I was blessed that I had full support from my Supervisor, and I have made a lot of long term friends in my time at CDU. I feel confident that at CDU I will complete this degree and be able to achieve my dream.”

### *Key Themes Emerging from the Case Studies*

As was noted in the previous report of the dual-sector universities released in 2019, these case studies and the collaboration and partnerships between the VET and HE systems that they demonstrate, are possible in spite of current policy settings, rather than being supported by them.<sup>21</sup>

Vastly different assessment requirements and accreditation standards, access to loan schemes and regulation can present a complex policy maze for even expert program administrators to navigate, and make the creation of compelling, collaborative endeavours between the sectors difficult.

Irrespective of when a higher qualification was completed for example, mature learners seeking to re-skill who have already attained a qualification at a higher level than their intended course of study would find themselves ineligible for funding in most Australian jurisdictions. This disincentive has been noted in innumerable reviews of State VET systems, yet corrective policy, even the setting of a time threshold after which students would become eligible again for Government support, has never been implemented.

Further, differences in industrial agreements between the sectors can present an obstacle to staff working across both systems, and overcoming such issues can impose indirect costs on providers that could be better directed toward student success.

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<sup>21</sup> *Reforming Post-Secondary Education in Australia: Perspectives from Australia’s Dual-Sector Universities, 2019*

## Policy Principles for a Better Connected Post-Secondary System

The dual-sector universities restate the key policy principles which must be adhered to in the design of a more coherent post-secondary system first outlined in 2019:

### → ***Universal access for young people and lifelong learning for adults***

Young people must be able access and successfully participate in post-secondary education to gain the initial skills and capabilities required to enter the workforce and people will need to continually develop new skills over the course of their working lives.

### → ***New and continuing learners make informed decisions***

Young people must be able to access comprehensive, informed and accurate advice about the full range of options available through the VET and higher education systems. They should be encouraged to select senior secondary subjects that will best meet their needs and interests rather than to seek to maximise their ATAR scores.

Course and career advisory and learner support services should meet the needs of increasingly diverse and older age cohorts, including people returning to formal learning with dated qualifications, people without prior experience in post school education and training and people holding international qualifications who may have no experience in the Australian education system.<sup>22</sup>

### → ***Stronger, distinctive but better-connected systems***

Post-secondary education must operate as a continuum of diverse and distinctive offerings through the VET and higher education systems which learners can access at different stages to meet their diverse and changing needs. Homogeneity between the sectors is not sought, but a more seamless interface is essential.

### → ***Assessment and skills recognition support learner's access and progress***

Learners must be able to continually acquire and develop new skills and capabilities, and it is essential that they receive recognition for prior learning in meeting course prerequisites and through credit where equivalent skills and knowledge can be demonstrated, including from informal and non-formal learning.

This principle should apply to students leaving senior secondary education to help build direct pathways from secondary school to both VET and higher education.

Assessment should be used to assist students to move through qualifications and learner pathways in flexible ways as well as for formal certification of outcomes.

### → ***Funding is demand driven, system neutral and priced to meet diverse needs***

Imbalances in funding between the sectors, unequal access to income contingent loans and differing eligibility criteria for access to public funding currently distort student choices and hamper the development and provision of pathways between the higher education and VET systems.

These anomalies are clearly evident in dual-sector universities where students from similar backgrounds enrolled in courses in similar fields of study can pay:

- no fees (in some States)
- part of the course cost through upfront fees

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<sup>22</sup> Ibid

- the full cost of the course through upfront fees
- the gap between the full cost of the course and a loan limit
- part of the course cost fully offset by an income contingent loan or
- the full cost of the course fully offset by an income contingent loan.

These differences reflect differences in eligibility for access to subsidised courses and income contingent loans, and differing approaches to setting fee and subsidy levels between the higher education and VET systems.

→ ***Learning and work are integrated***

Learners in both the higher education and VET systems must be able to access high quality work-based learning opportunities centred on the long-established models such as apprenticeships, internships and cadetships that help ensure that learners can meet workforce standards and requirements.

People already in the workforce will also need to be able to more easily and effectively integrate work and learning, overcoming the many barriers older learners face in undertaking part time study or returning to full time study.

#### **KEY RECOMMENDATION 5**

That the Government consider creating a curriculum innovation fund, the principal purpose of which would be to provide financial support for VET and industry to create collaborative and improved pathways for students across lifelong learning.

#### **KEY RECOMMENDATION 6**

That the Government move away from the current VET competency model, which is overly focussed on narrow and often dated occupational tasks, and focus on the underpinning knowledge, skills and capabilities required to ensure that learners are prepared for a future workforce in which they will likely work in several different jobs.

## Conclusion

The COVID-19 pandemic, and the deeply collaborative and coordinated response between States, Territories and the Commonwealth Government it has necessitated, presents a once in a generation reform opportunity.

With VET reform specifically identified as a key immediate focus of the streamlined National Cabinet by Prime Minister Morrison the stage is set for a frank and holistic reform discussion.

The dual-sector universities welcome the abolishment of the Council of Australian Governments, provided the collegiate, no nonsense approach States, Territories and the Commonwealth have taken with respect to the coronavirus is applied to the wicked problem of reforming our post-secondary education system architecture.

If Australia is to emerge from the pandemic with a workforce up to rebuilding and transforming our shattered economy, while providing transformative opportunities for young learners and those hoping to reskill, then consistent, equitable and shared investment in the distinctive yet complementary VET and higher education sectors is vital.

Recent announcements concerning matched contributions from the Commonwealth and States and Territories are a most welcome development, and lay the foundation for an enduring, consistent and equitable funding agreement to drive Australia's economic recovery and prosperity.

