

The Australian Universities Accord – a personal response.

Tom Karmel, March 2024

The Australian Universities Accord final report has finally been released. It is certainly substantial with 47 recommendations; the summary itself extends to 32 pages with the full report exceeding 400 pages. It covers everything from big picture aspirations with ambitious targets to what I would label as housekeeping, such as ‘developing a national, cross-jurisdictional approach to at-school offers’.

I don’t envy the public servants who presumably are developing a government response to the 47 recommendations.

I restrict my reaction to a small number of issues. I don’t want to argue the toss about the desirability of a National Skills Passport, or micro credentials or the need for a Jobs Broker to find part-time work for students or a National Student Ombudsman, or ensuring a proportion of the Student Services and Amenities Fee goes to student-led organisations. Nor do I wish to get embroiled in arguments about research funding or international education.

However, I do want to comment on a number of areas:

- Where does VET fit into all of this?
- Are we thinking correctly about ‘equity’
- Funding issues and governance.

Where does VET fit into all of this?

I am rather confused about the role of VET in this brave new world envisaged by the Accord final report. The overview refers directly to *equity and innovation for higher education*, and then immediately segues into *a new vision for tertiary education*. What is exactly meant by *tertiary education*? The summary report (page 4) refers to big changes in the relationship between vocational education and training (VET) and universities, but I remain confused as to what they are. The summary report (page 14) opines *Australia should ensure students can more seamlessly navigate between VET and higher education* but how can this happen when our VET system is based on narrow industry training, with almost no general education of the type that would equip an individual to undertake a degree? Indeed, the very nature of certificates provided by VET is not congruent with higher education – it makes more educational sense to undertake a certificate after a degree (to acquire certain specific skills) than to treat certificates as stepping stones to higher education. VET diplomas are somewhat different, but we have seen that these are being supplanted by degrees as the entry level qualification into many occupations. The point is that the Accord report shows no understanding of VET in the provision of certificates III/IV (the staple of VET) and training for apprenticeships and traineeships. We cannot create a unified tertiary education system merely by inserting the words into aspirational statements.

Similarly, the Review refers to the *size and shape of the tertiary education sector*. It found that institutions need to innovate and evolve, with the qualification that *achieving this greater level of institutional innovation and diversity would require long-term planning, system-wide collaboration and proactive intervention by government to reduce barriers....*(page 15).

Further (page 23 of the summary report) the headline indicates that *Australian tertiary education needs a step change in participation, performance and investment.... And improving the equity and quality of the entire system is a challenging goal, which the Review found would require new*

institutions, more diverse operating models and more cross-provision between VET and higher education providers, including opportunities to expand the role of TAFEs.

I must admit I remain none the wiser as to the way forward. I'm all for innovation and indeed have argued, with Bruce Mackenzie, that we need a high level vocational approach as a genuine alternative to the more academic approach (with its emphasis on research) of universities. We envisaged a tertiary institution –which we labelled as a 'professional university' which straddles VET and higher education worlds, focussed on teaching and proactive delivery in VET certificates, diplomas and bachelor degrees.¹

I acknowledge there is nothing in the Accord report that rules out such an institution, but there is also nothing which gives a hint as to how such a genuine innovation could occur. Rather, any policy development would be driven by the establishment of an Australian Tertiary Education Commission which *would provide the leadership and stewardship necessary to transform the tertiary education system to achieve an agreed objective for Australian tertiary education*. It would report to both the Minister for Education and the Minister for Skills and Training and would *play an important role in driving stronger alignment between VET and higher education, in pursuit of a stronger skills system*.

According to the Accord Review this commission would include TEQSA (the Tertiary Education Quality and Standards Agency) and the Australian Research Council but no mention is made of any of the current VET institutional arrangements, including the Australian Standards and Quality Agency which currently is responsible for quality in the VET space. The dual nature of quality assurance arrangements is a particular bugbear of private providers operating in both sectors. The very different nature of funding arrangements across higher education and VET will also make it very difficult to create a commission that deals with tertiary education as a coherent whole.

Thus it is very unclear as to how VET will be incorporated in these arrangements.

As to innovation, the Review intimates that it would be centrally driven by the Commission: *The Commission would aim for a stronger, more diverse, innovative, mission-driven system, likely with more public providers and greater differentiation between those providers* (page 24 of the summary report).

It is convenient to leave all the hard issues to a yet to be established commission. However, a key element of any substantive innovation, such as 'professional universities' is access to publicly funded places. TAFEs are mentioned as institutions that could be awarded publicly funded places (page 26 of the summary report) but it is not clear how this would occur. Another possible vehicle for innovation which involves VET, at least in regional areas, is the expanded Regional University Study Hubs Program (recommendation 39) – it would be a start to drop *university* from the title of the program. A third possible vehicle is the newly announced TAFE Centres of Excellence which (according to the 25 September 2023 press release of Jason Clare and Brendan O'Connor) will be partnerships between TAFEs, Jobs and Skills Councils, industry and universities. Interestingly, the press release to the initiative refers to enabling TAFEs to deliver new bachelor equivalent higher apprenticeships, independent of universities.

Another element is the thorny issue of self-accreditation. There is no doubt that the fact the universities have self-accreditation is a huge advantage in competing in the education market. In this regard we note that the Accord recommendation 38 suggests that TAFE could be self-accrediting at

¹ See Karmel, T and Mackenzie, B 2022, Why VET needs to offer degrees, Mackenzie Research Institute.

the AQF Level 5 (diplomas and advanced diplomas). The limitations of this recommendation are illustrative of how difficult it is for TAFEs to genuinely compete with universities.

So while the Accord report talks about *tertiary* education and provides references to the possibility of innovation the discussion is all rather shadowy. It is clear that we are a long way from genuine innovation that would provide substantive alternatives to higher education delivered by large, comprehensive research universities. Recommendation 37 captures the ‘over the horizon’ nature of the Accord, stating that:

The Australian Tertiary Education Commission address the appropriate diversity of tertiary education providers of varying size and shape, including exploring the establishment of new public universities and encouraging and incentivising new models of delivery and collaboration.

My sinking feeling is that universities will see off any genuine competition and VET will continue to decline in importance, becoming a residual provider of narrow industry training – I would love to be proven wrong.

Some thoughts on equity

The fundamental thrust of the Accord review is an expansion in the number of student places resulting in increased participation rates, built on ‘demand driven places for equity students’. I would make a number of comments on this approach. First, it assumes that increasing higher education participation rates is a good thing in itself independent of any consideration as to what is happening to the return to education (education is good therefore more education is better). Second, it assumes equal participation rates across all groups is a desirable goal. There is a fundamental assumption that it is participation that counts, not opportunity, and that various groups value university participation equally and that they would all get the same return from completing a degree. These assumptions take no account of the fact that different groups have different preferences and expected outcomes. In this regard, a recent NCVET report *The impact of increasing university participation on the characteristics of apprentices* makes interesting reading, concluding that apprentices and those going to university have quite different characteristics, presumably reflecting different values and aspirations.

One important omission from the Report is any analysis of the higher education participation rates of men and women. Women have dominated higher education for some time now. According to the 2021 Census, the most highly educated cohort was 35-39 year olds. In this cohort, 47% of women and 36% of men had a degree or higher qualification. This is a stark difference. Does this imply that men should be included as an equity group? Or does it reflect a view by men that there are alternatives to higher education and that the return to higher education is just not there for many men? We know that the number of persons with a degree has been growing faster than that dictated by occupational change. Inevitably, the number of persons with a degree unable to obtain a commensurate job has increased, and there is no reason to believe this will not occur in the future if participation in higher education increases at the rate recommended by the report. The goal of equal participation is also an illusory one, in the sense that groups who value higher education more than other groups will continue to increase their average education levels. For example, we see that higher degrees are on the increase. Thus even if we were to have the same proportion of low SES and high SES with a degree, it is likely that the high SES group would have a higher proportion with higher degrees. We will never completely ‘close the gap’ while there are different levels of aspiration across different groups.

A further issue – and one that bears on implementation- is that the identification of equity groups can be very problematic. The constructs used to measure aggregate participation are fine, but it is a different story if they are used to deliver benefits to individuals. Constructs based on home address are an obvious example, and will result in many getting a benefit to which they should not be entitled.²

While I am sceptical about putting reliance on equalizing participation rates, I am very supportive of the proposal to increase fee-free preparatory places. It seems to me that equity is best served by ensuring a high level of opportunity rather than focusing on participation rates. A diploma in general education, or whatever, would provide a path into higher education for all, and ensure that those attending higher education are likely to be successful in their studies. As to which providers should be funded to deliver it, I would point out that the TAFE sector has a background in delivering education to a very broad range of individuals, and that it would be ideally placed to deliver this sort of preparatory education. Such a move would also provide an opportunity for TAFEs to get involved in higher education, and is certainly consistent with the proposal to create ‘professional universities’.

A second glaring omission from the Accord report is a discussion of the role of VET in addressing educational inequality. The report ignores the fact that VET has been the ‘equity’ sector with an over representation of people from disadvantaged groups. Indeed, ‘equity’ has been a cross that VET has had to bear with the sector expected to address the disadvantage created in the schooling sector, as well as offering education and training to all groups in our community. The spread of client groups in VET has always been much greater than that offered by higher education. If we wish to address equity considerations then the role of VET is crucial. It is interesting to note that the Labour Government has heralded its introduction of Fee-Free TAFE places as a way of encouraging targeted groups to undertake tertiary education, yet this does not get a reference in the Accord report.

Funding issues and governance

My comment on funding is probably somewhat gratuitous. None of the recommendations is costed and the recommendations 44-47 all suggest a ‘softly, softly’ approach –an Implementation Advisory committee, a staged and managed approach to updating legislation, a glidepath implementation of a new funding model, and a government outline of a staged approach. It appears that the big ticket items all occur in the never-never with only small cost implications over the next few years (see Figure 4 page 8 of the Summary Report). However, we have seen what happens when the cost of funding increases as it did with the previous iteration of demand led funding. Inevitably, the budget will be stressed and funding or students will be squeezed. I would therefore be very wary of open ended programs which are likely to lead to budgetary stress in the out years.

I also wish to comment on recommendation 16 that HELP loans *reflect lifetime benefits that students will gain from studying*. This recommendation suggests that the cost of the course is not a consideration, and has the implication that if students are price conscious then they should keep away from courses which lead to labour market success. Creative arts rather than engineering. We seem to forget that Australia has a progressive taxation system and those that achieve labour market success will pay more through the tax system irrespective of their HECS debt. I was surprised

² For a discussion on the hazards of using address information to identify SES status see Lim, P, Gemici, S, Rice, J & Karmel, T 2011, 'Socioeconomic status and the allocation of government resources in Australia: how well do geographic measures perform?', *Education + Training*, vol.53, no.7, pp.570–586.

that there was no discussion of a regime under which all courses had the same fees or reflected course costs to some extent. But perhaps I am missing the point, and the planned and controlled regime under the aegis of the Tertiary Education Commission will ensure that the 'right' mix of courses is offered. No markets here.

This leads me to a final comment on governance. The whole essence of this report is a higher education system (I am not convinced that a tertiary education system is really under consideration) which is led, planned and controlled from the centre. This is not a system where clear rules are set and the players are allowed freedom to do whatever they want. No role for markets here. This is a system where the centre knows what the labour market needs, and what is right for different groups, and how the system should be managed.³ It takes me back to an earlier period of my life where my role in an economic area within a Commonwealth employment and education department was to advise the higher education branch of priorities for the coming year. Of course I didn't have a clue - the world is too complicated and in any case prospective students make their own decisions as to what to study. Why don't we have enough engineers? – it has always been thus.

³ For a discussion on the role of markets in the provision of higher education it is worth rereading Max Corden's article: AUSTRALIAN UNIVERSITIES: MOSCOW ON THE MOLONGLO Published in Quadrant Magazine, Vol XLIX, No 11, November 2005, pp.7-20