

## Written Questions on Notice

### 1. Can Ai Group elaborate on the issue of sub-bachelor and the impact it might have on TAFE?

The proposal to extend Commonwealth Supported Places to university sub-bachelor courses is problematic.

This proposal is likely to result in the rapid expansion of diplomas and advanced diplomas by higher education institutions and a decrease in provision by the VET sector, including TAFE. This proposal could lead to unnecessary duplication of effort. The proposed test of industry relevance and approval by the Department and the Minister would duplicate industry engagement arrangements already in place in the VET sector.

Industry draws graduates from both the higher education and VET sectors and what is required is a balanced supply.

TAFE delivers the majority of industry-focused higher levels skills and training and have the facilities and teaching capabilities to deliver this. The proposal at best duplicates this effort or displaces current VET delivery in this area. This would lead to a shift of potential VET students to higher education without any substantive benefit such as improved employment outcomes. This would have an impact on the capacity of TAFE to promote access to training and further education and erode their enrolment base including in regional areas. This would jeopardise the capacity of TAFE to meet their legislated community service obligations.

There is no guarantee that this proposal would lead to a more effective alignment with industry need. The VET sector has formal arrangements to enable industry endorsement of qualifications. The higher education sector does not have such arrangements or the capacity to respond effectively to industry needs.

The proposal is also not cost-effective. Available research indicates that that university delivered advanced diplomas and associated degrees are more expensive than TAFE delivered qualifications at the same level.<sup>1</sup> It would not be economically efficient to expand higher education delivery at the expense of TAFE delivery.

### 2. What is Ai Group's assessment of this Bill's impact on delivery of tertiary education in the regions?

Ai Group believes there will be some risks associated with this bill for tertiary education in the regions. Regional universities are more closely linked with their regional community and its economic performance than their metropolitan counterparts. As institutions they generate employment, student activity and research all linking to increased business and social activity. If detrimental impacts do result from measures in the Bill they have the potential to be wider-reaching in these communities.

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<sup>1</sup> Karmel, T and Lu, T; Associate degree or advanced diploma? A case study, NCVET, 2012.

Low SES students may be particularly sensitive to the student loan scheme reforms in the Bill, including:

- increases in the maximum student contributions
- reductions in the Higher Education Loan Program minimum repayment income as well as new thresholds.

Regional universities may need to reduce programs due to:

- downward adjustments to the Commonwealth contributions
- efficiency dividends under the Commonwealth Grants Scheme.

Conversely the Bill contains measures from which regional areas can benefit. Whilst, regional universities are likely to benefit from the expansion of the demand driven funding system to approved sub-bachelor courses, as stated above this could be at the expense of the VET system. In regional areas VET is the backbone of broad community services, located in many small community centres.

The protection for the Higher Education Participation and Partnerships Program in the legislation will assist in supporting disadvantaged students within regional areas. Finally, the funding for work experience in industry units will assist in preparing students to be work ready and create stronger relationships between students, companies and universities.

### **3. What is Ai Group's assessment of the changes in this bill's ability to address the future skills needs in the Australian economy?**

The Australian economy needs its Higher Education system to produce graduates with the right skills and capabilities that allow industry to be a competitive world player in the new age. Ai Group believes that a number of the amendments in the Bill specifically relating to university efficiencies and student contributions can result in more focused and effective outputs. In particular, the expansion of support for work experience in industry units will lead to closer integration between the sectors and better equipped graduates. Industry experience allows students to taste the faster pace of change in industry and to learn to adapt, work in teams, problem solve – all fundamental to future skill needs. At the same time industry-university collaboration helps to ensure that skills and capabilities achieved are at the higher level required for the future.