



LH Martin Institute
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Boundaries and connections between VET and higher education at AQF 5/6

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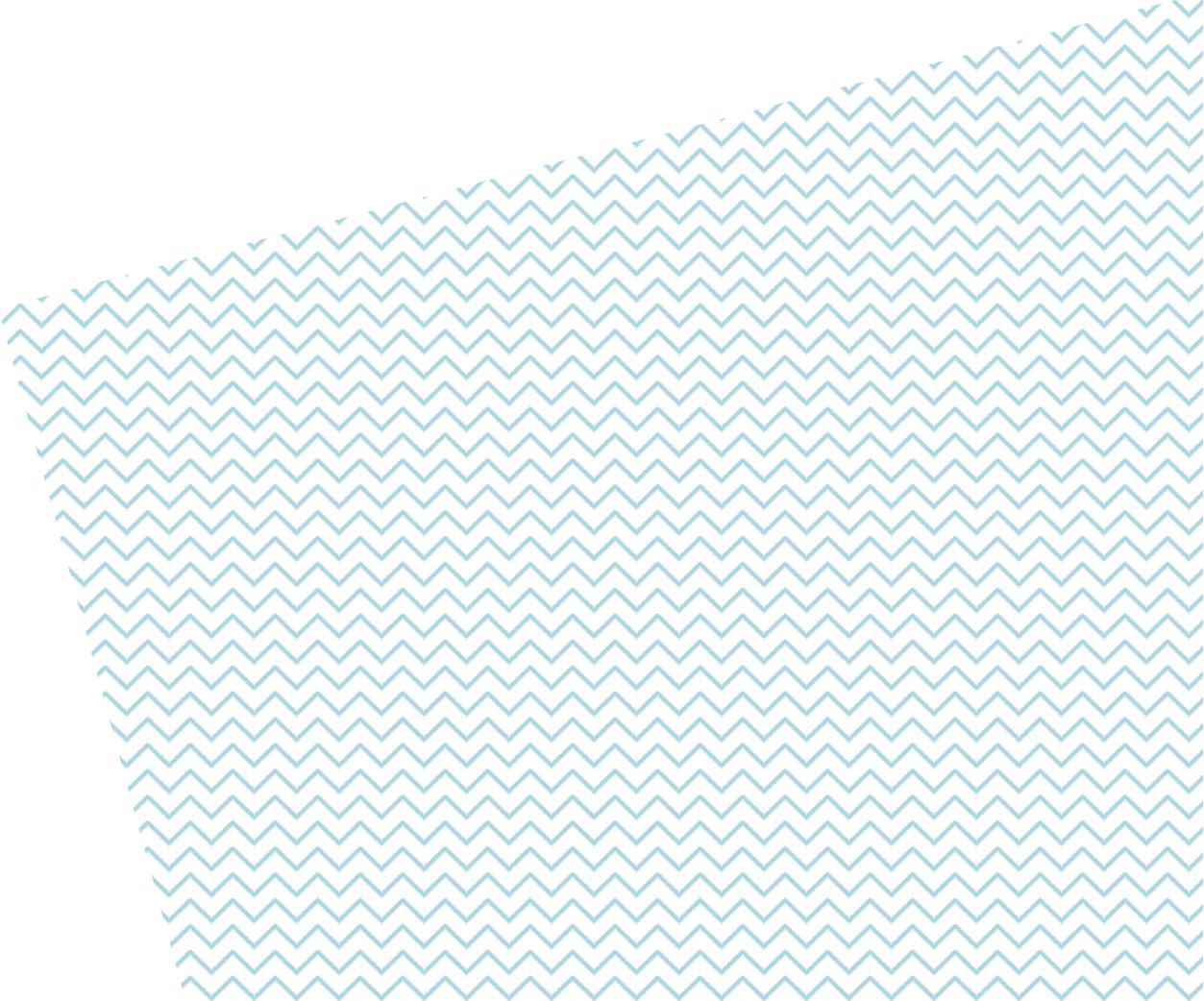


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Executive summary

This paper examines education and training undertaken at Australian Qualification Framework (AQF) levels 5 and 6, which are the overlap between the vocational education and training (VET) and higher education (HE) sectors. It follows an earlier paper, *The boundaries and connections between the VET and higher education sectors: 'confused, contested and collaborative'* (Fowler, 2017).

Given the quantum of public resourcing by Commonwealth and state and territory governments that support both sides of the HE/VET AQF 5/6 divide, this paper explores the similarities, differences and interconnections between the sectors that affect educational and skills outcomes, sectoral pathway opportunities and future employment for students. These matters are relevant to HE and VET policy and increasingly to employers, who expect graduates to have both discipline knowledge and technical skills.

Findings

- Though total enrolments in publicly funded/financed AQF 5/6 VET diplomas and above are greater in number, recent trends show their sharp decline compared with a modest increase in AQF 5/6 HE sub-bachelor enrolments.
- There is an overlap of students to whom HE and VET AQF 5/6 course providers promote educational benefits of their courses and 'skills for jobs', and significant overlaps in student enrolments by field of education.
- While such overlaps exist, evidence from graduate surveys shows firmer distinctions in students' reasons for study. VET diploma graduates rate the work-related benefits of their training higher than HE diploma graduates, who tend to see their qualification as less relevant to employment.
- Universities have greater marketing powers in offering sub-bachelor courses compared with training providers offering VET diplomas in similar fields of education. This is for reasons of perceived prestige and pathways, in some cases leading into the second year of bachelor degree study, their ability to 'self-accredit' courses and preferred funding/finance arrangements.
- Some thirty-six institutions were identified as straddling the VET/HE boundary: that is, registered as both HE provider and approved VET Student Loan provider. These institutions comprised twelve universities (including dual sector) and eleven TAFEs. At local levels, collaboration between institutions provides examples of practical student-centred pathway solutions that make boundaries between AQF 5/6 qualifications and bachelor degree study relatively porous.
- Public funding and financing of VET AQF 5/6 courses is complex, being the sum of (unknown) state/territory government subsidies of VET diplomas and higher-level VET qualifications as well as Australian government-financed VET Student Loans (some with state/territory subsidy), available at 211 approved providers (at May 2018). The amount paid to course providers in respect of VET Student Loans approved for students studying eligible courses in 2017 was \$200,335,628 (full-year 2017). Of the 211 approved course providers that operated during 2017, 155 had students who accessed a VET student loan.
- Portfolio budget papers 2018/19 state the VET Student Loan program had administered expenses appropriation of estimated actual \$191,144 million (2017/18) and budget of \$251,333 million (2018/19). Long-term costs to governments of loans not repaid remain uncertain.
- By comparison, the Australian government provided thirty-six universities with a total of about \$205 million in grants for HE AQF 5/6 sub-bachelor courses, in addition to which enrolled students will pay a capped contribution that can be financed by HELP loans, with again-long term uncertain cost to government of any loans not repaid. So there are two parallel Australian government funding/finance programs supporting AQF 5/6 qualifications, in HE and in VET.

- Funding and financing policy - such as loan fees - is critical, as any inequity in opportunity or support risks students enrolling in courses not because of educational/training benefits that best suit them, but because they perceive them as financially more favourable.
- Proposed national policy to extend the HE 'demand driven' system to HE sub-bachelor programs was not pursued, it being strongly supported by the HE sector but equally strongly opposed by the VET sector.
- This contested ground is similar to that described in the United Kingdom, where one commentator holds the strong view that UK universities have 'colonised' the upper levels of their vocational training system.
- The present policy is that from 2019 the Australian government intends to support sub-bachelor courses that focus on industry needs and fully articulate into a bachelor degree. An unresolved issue for universities is how 'industry needs' and 'full articulation' will apply to associate degrees and diplomas. Some HE diplomas may provide more academic and as meritorious pathways leading into higher AQF levels.
- Future solutions may focus on qualification pathways spanning VET/HE that have a clear line of sight from training/education to occupational needs. This presents an opportunity for intermediary stand-alone qualifications, supplemented by skill sets and/or 'micro-credentials', aligned to evolving and emerging jobs, as well as tiered-levels of professional qualifications supporting job progression. This approach would work best with vocationally specific qualifications linked to professional registrations and credentials. Fresh approaches may be needed in best joint practice in pedagogy, combining knowledge/skill teaching and assessment supported by a stable continuum of public funding/financing designed to support students to navigate an integrated tertiary education system.

Observations

- Overall, the evidence shows a highly complex policy edifice built at the AQF 5/6 boundary. It shows intertwined yet differing operational, regulatory and funding/financing arrangements as well as administrative burdens at what at its simplest is a qualification framework that both sets a boundary and allows an overlap between two sectors within one tertiary education system.
- The approach of the Australian government differs on either side of the VET/HE boundary, with training loans for students enrolled with approved providers in legislatively specified VET AQF 5/6 courses, and grant funded places (plus capped student fees that can be covered by loans) for students enrolled in quota-limited HE AQF 5/6 courses available at universities. The payments to 151 training providers in 2017 for training loans that students must repay was just in excess of \$200 million (with some 42,220 loan-assisted students in 2017); by coincidence a comparable total of \$205 million in grant payments was made to thirty-six universities in 2018 (for some 18,847 designated places).
- The total cost of subsidies for VET AQF 5/6 courses funded by states and territories, plus any long-term costs of loans not repaid for which they may be part liable are unknown, leaving this analysis incomplete.
- Where there are student pathways straddling VET and HE AQF 5/6, these typically have been cooperatively negotiated 'ground up' between institutions, not facilitated by national policy 'top down'. If universities (dual sector or their colleges) are approved as VET Student Loan providers and also have contracts for HE 'designated places', they have the potential benefit of two student entry pathways both at AQF 5/6 and are able to decide student entry into AQF 7 level, supported by their course 'self-accreditation'.
- This edifice has been built up incrementally, more by accident than design, as a result of long-term avoidance in developing integrated national tertiary education system policy. It illustrates the urgency of establishing more coherent funding and financing arrangements for the tertiary education system, with the present set-up significantly disadvantaging VET and now requiring a range of policy changes to fix this.
- The announced review of HE provider category standards and separate full review of the AQF are both expected to be especially pertinent, potentially laying the groundwork for future reforms.

Introduction and purpose

This paper follows on from *The boundaries and connections between the VET and higher education sectors: 'confused, contested and collaborative'* (Fowler, 2017), which examined the boundaries and connections between the VET and HE sectors set by national and state/territory policies, regulations, programs and funding. That paper highlighted examples of contest as well as of cooperation across the tertiary education system and its providers. It argued that multiple issues have affected the relative performance of both sectors and this has eroded their differentiation. This erosion has been caused by a combination of differing sector-specific national policies and agreements; differing sectoral financing/funding; differing sectoral legislation, regulation and standards; as well as overlapping qualification frameworks and different standards for courses and qualifications.

The decline in VET participation relative to that of HE was noted as a consequence of policy and funding reforms that have travelled along 'different tracks' over the past six to eight years. The establishment of student loans spanning VET diplomas to degrees had, whether by design or not, reset control of VET and HE sector policy, program and funding boundaries. From the perspective of students, the ability to pick and mix the best from university education and vocational training, be it skilling, academic study or work experience, was argued to improve future job prospects for students and to better meet the needs of employers. The paper suggested reforms including policy and incentives to ensure the more equitable funding of mid-level professionals: for example, associate degrees and higher apprenticeships to improve cross-sectoral education and training opportunities for students.

This paper considers these issues further. The research question explored here is, given the major public (and private) investment in education and training on both sides of the HE/VET AQF 5/6 divide, what are the present and future educational, skills, pathways and employment benefits for students and/or employers?

Sub-bachelor courses have a longer history than the VET Student Loans program (which has only been operational since January 2017, when it replaced the VET FEE-HELP program). This paper considers whether there is (or will be) an increasing convergence of popular courses and greater competition for students across the HE/VET AQF 5/6 levels. Alternatively, will the design and funding/financing of these courses lead to more clearly differentiated educational and training purposes, pathways and job-specific outcomes, helping the sectors to complement one another and enhancing cross sector mobility, if students so wish?

Either scenario is highly dependent on policy, funding and administrative efficiency and flexibility for both students and education providers. Outcomes are increasingly relevant to employers, who give equal weight to and very much expect both discipline knowledge and technical skills in any graduates they employ.

Sources of data and general method

Data have been drawn from recently published sources of information as shown in Table 1.

Subject to the availability of data, numbers of enrolments in VET and HE courses in Australian Qualification Framework (AQF) levels 5 and 6 are compared, this being the AQF boundary between the sectors (AQFC, 2013). Some data are presented by discrete program (e.g. VET FEE-HELP and VET Student Loans).

Popular courses are listed by discipline areas and as promoted by HE institutions.

Graduates' views after studying at VET and HE AQF 5/6 levels are analysed to a limited extent, including their educational, training and job-related benefits.

Education/training providers that span VET and HE sectors at AQF 5/6 levels are enumerated.

Information available regarding public funding is analysed, in particular for grants, subsidies and financing for both VET and HE AQF 5/6 qualifications.

Comparisons are made across consistent time frames where possible, and where not this is explained. In general, the information presented is for domestic Australian students, unless otherwise indicated.

Observations and conclusions are presented within the sometime significant limitations of available data including timing of release of public data and typical complexities of cross-sectoral data comparisons.

Table 1 Data sources used in the analysis

HE data and sources	
Data	Sources
Bachelor	Department of Education and Training (DET) (2017). 'uCube - higher education statistics'. Canberra: DET. Retrieved 19 January 2018 from < http://highereducationstatistics.education.gov.au/ >.
Sub-bachelor	DET (2017). 'uCube - higher education statistics'. Canberra: DET. Retrieved 19 January 2018 from < http://highereducationstatistics.education.gov.au/ >.
Sub-bachelor Commonwealth Support Grants 2018 (CSG)	DET (2018). 'Higher education providers' 2018-2020 Commonwealth Grant Scheme funding agreements'. Canberra: DET. Retrieved from < https://docs.education.gov.au/node/49011 >. DET (2018). '2018 allocation of units of study to funding clusters'. Canberra: DET. Retrieved from < https://docs.education.gov.au/documents/2018-allocation-units-study-funding-clusters >.
VET data and sources	
Data	Sources
Government-funded VET diploma and above	National Centre for Vocational Education Research (NCVER) (2018). National VET Provider Collection. Adelaide: NCVER.
Total VET diploma and above	NCVER (2018). National VET Provider Collection. Adelaide: NCVER; NCVER (2018). National VET in Schools Collection. Adelaide: NCVER.
VET Student Loans (first half of 2017)	DET (2017). 'VSL six-monthly report Jan-Jun 2017'. Canberra: DET. Retrieved from < https://www.education.gov.au/vet-student-loans-statistics >.
VET Student Loans (second half of 2017)	DET (2018). 'VSL six-monthly report Jul-Dec 2017'. Canberra: DET. Retrieved from < https://www.education.gov.au/vet-student-loans-statistics >.
VET FEE-HELP	DET (2017). '2016 VET FEE-HELP statistical report: study tables'. Canberra: DET. Retrieved from < https://www.education.gov.au/vet-fee-help-statistics >.

Comparing enrolments by number

Comparative information on enrolments at AQF levels 5 to 7 is presented in Figure 1. The wide time-span of 2001 to 2017 has been chosen to illustrate longer-term trends. Data for VET Student Loans is limited to 2017, the first year of this program, and is shown in Figure 1 as block points only. The figure shows enrolments by domestic students, as government funding and loans are commonly restricted to this group (it excludes international students and ignores finer domestic eligibility differences across programs). Unless otherwise stated, data are for enrolments (not student numbers, nor equivalent full-time student load (EFTSL)).

Data

Bachelor (AQF level 7):

Higher education enrolments in AQF 7 level courses show a steady rise, starting in 2009 and accelerating since 2012, coinciding with the phasing in and start of the Bradley reforms and the uncapped higher education 'demand driven' system (Figure 1). Bachelor enrolments totalled 758,972 in 2016.

HE sub-bachelor (AQF levels 5/6):

The higher education enrolments in AQF 5/6 level courses shown in Figure 1 include associate degree, advanced diploma and diploma, but not enabling courses (DET, 2018b). These sub-bachelor enrolments totalled 29,917 in 2016, far fewer than those at bachelor level (AQF 7). Sub-bachelor enrolments include those that are designated places¹ funded under Commonwealth Grant Scheme (CGS) support as negotiated between the Commonwealth and universities. These places are allocated to universities and distributed between disciplines according to specified funding clusters.

These qualifications were the subject of proposed but stalled reforms to extend the demand-driven policy to sub-bachelor programs. It is an HE entry point promoted by many pathway colleges that have relations with universities and which specialise in associate degree and diploma courses, the latter being the main pathway course that may facilitate subsequent entry of students to the second year of a bachelor course at university (see below).

Public universities cannot offer full-fee places to domestic undergraduate students, which is a constraint on their expansion in the diploma or associate degree markets. Sub-bachelor enrolments including domestic and international students may occur within other higher education providers. Domestic students may access FEE-HELP loans at eligible providers (with a 25 per cent loan fee).

VET diploma and advanced diploma (AQF level 5/6):

Three time-series representations of AQF 5/6 VET data² are shown in Figure 1. The first series is that captured in *Total VET students and courses* (NCVER, 2018b) or Total VET Activity (TVA) reports, with data first collected in 2014 and published in 2015. This series contains an estimate of all VET diplomas and higher, regardless of funding/finance source. The latest data (for 2017 training activity, published in 2018) show some 398,516 'domestic' enrolments in programs at diploma and higher levels, an overall decline of some 25 per cent from 531,306 like enrolments in 2016. The upward trend in enrolments and more recent dip in 2017 mimic the underlying peak and fast decline in VET FEE-HELP enrolments (explained below).

The second series is the VET FEE-HELP time-series spanning 2009 to 2016. This program closed in December 2016 and was replaced in January 2017 by the VET Student Loans program, with students enrolled in the former being eligible to continue their studies only until the end of 2017 (unless there were exceptional circumstances). The data shows a rapid growth in enrolments to a peak of 320,703 in 2015 and then a sharp

¹ Sub-bachelor places are outside the demand-driven system and allocated by government under funding agreements.

² There are some data overlaps in the time-series: for example government funded may include enrolments supported by both government subsidy and loan financing. It has not been possible to dissect such examples fully.

decline in 2016 after deliberate policy intervention to curtail enrolments. These VET FEE-HELP enrolments³ are a proportion of the total seen within the TVA reports (above).

VET FEE-HELP was for predominantly fully fee-for-service tuition, but a significant minority of VET FEE-HELP enrolments also had some state or territory government subsidy.

The third series is *Government-funded students and courses* (NCVER, 2018a): that is, VET diplomas and higher that have been subsidised by government funding (including some enrolments with government subsidy supporting student loans). The series shown here from 2003 onwards presents a steady but fluctuating pattern (Figure 1). The graph indicates three broad trends:

- decline from 2003 to 2008. Government-funded VET program enrolments at diploma level or higher decreased from 175,100 in 2003 to 149,100 in 2008 (a 14.8 per cent decline).
- increase from 2009 to 2011. Government-funded VET program enrolments increased annually from 2008 and peaked in 2011 at 220,900 enrolments at diploma level or higher. This coincides with the introduction of VET-FEE-HELP in 2009. In addition, the Productivity Places Program, first reported in 2010, was responsible for some growth in 2010 and 2011.
- decline from 2012 to 2015. Government-funded VET program enrolments at diploma level or higher have declined each year since 2011 to 142,800 program enrolments in 2015. Results of 2017 data just released show a small increase to 143,300 enrolments.

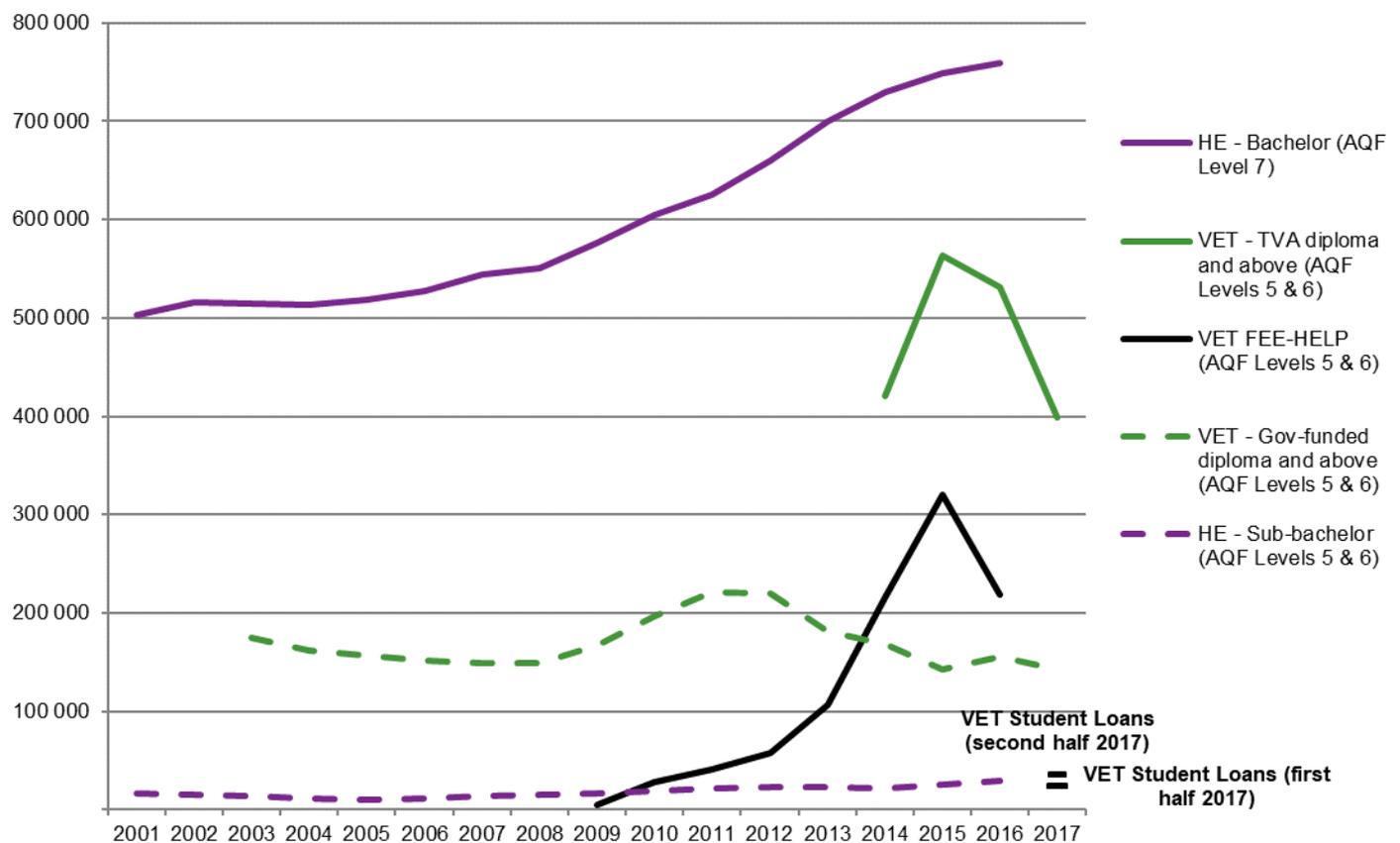
Finally, Figure 1 shows the first year of data for VET Student Loans (thus no time-series), drawing data from two separate six-monthly reports. As explicitly reported, some 24,492 students had a VET Student Loan approved for the first time in the reporting period (January to June 2017) (DET, 2017h, p. 5), and further, some 35,197 students undertook a part of a course with a census day during the reporting period (July to December 2017) (DET, 2017i, p. 5), where part of the course being studied was VET Student Loan–assisted.

Full-year data⁴ for 2017 for VET Student Loans showed that a total of 42,220 students undertook a part of a course with a census day during 2017, where the part of the course being studied was VET Student Loan–assisted (DET, 2018e, p.6).

³ There is some doubt whether all of these are genuine student enrolments.

⁴ Released 8 August 2018 when this paper was near completion.

Figure 1 AQF 5, 6 and 7 program enrolments by domestic students, 2001—2017



Observations

The AQF level 7 bachelor enrolments demonstrate growth arising from the demand driven policy in place from 2012 onwards. Enrolment numbers are far higher than those of all other AQF levels and are included in Figure 1 to show this relativity.

The early numbers of enrolments in 2017 under the new VET Student Loans program are far fewer than under the VET FEE-HELP program in 2016, though the latter was fast decreasing in enrolments in its final years. Policy intervention eliminated most of the flaws in VET FEE HELP, and the program is now closed. VET diplomas and above enrolments funded/subsidised by State/territory governments exceed VET Student Loan enrolments.

In the first year of operation of VET Student Loans in 2017, 24,812 enrolments in the first six months (January to June) were reported (DET, 2017h, p. 26) and 36,124 enrolments in the last six months (July to December) (DET, 2017i, p.24). Data for VET Student Loans 2017 full year showed that ‘a total of 42,220 students undertook a part of a course with a census day during 2017, where the part of the course being studied was VET Student Loan assisted’ (DET, 2018e, p. 6). Given the experience of VET FEE-HELP, this far lower number represents significantly tighter policy and program administrative control.

VET Student Loan enrolments (in 2017) were marginally higher in number compared with enrolments in AQF level 5/6 sub-bachelor courses in higher education, these being 29,917 in 2016, and an increase by about 4,500 enrolments from 2015 (data for 2017 were not yet available). Most recent data indicate commencing students in government-funded VET courses at diploma and above have decreased 12 per cent while commencing students in sub-bachelor courses have increased 26 per cent (for the period January to June 2016 compared with the same period in 2017) (Table 2). There were more commencing sub-bachelor students in the first half of 2017 than there were VET Student Loans-assisted students (26,100 compared to 24,500).

Table 2 Domestic and international students (commencing and total) by AQF level and funding category

	Commencing students			All students		
	Jan-Jun 2016	Jan-Jun 2017	Change	Jan-Jun 2016	Jan-Jun 2017	Change
Bachelor (AQF 7)	261,285	262,197	0%	854,745	871,310	2%
Sub-bachelor (AQF 5/6)	20,769	26,067	26%	40,723	47,957	18%
Government-funded VET (AQF 5/6)	53,911	47,194	-12%	114,405	105,560	-8%
VET Student Loans	-	24,492	N/A	N/A	N/A	N/A

Notes:

1. Higher education data for January-June 2017 are the latest available and are only currently available for students not enrolments.
2. Higher education data for January-June 2017 are not currently available by domestic/international status and AQF level, so this table presents a combined domestic and international student count.
3. Around 10 to 15 per cent of program enrolments marked as commencing in a given year are also marked as commencing in the previous year, or the following year, or both. For more information, see NCVET (2016).

As a separate point of interest, the total number of enrolments reported in *Total VET students and courses* (NCVER, 2018b) at VET diploma level and higher in 2017 was 512,637, including international students.

The split of domestic and international students shows 398,516 domestic enrolments in VET diploma level and higher programs in 2017, a fall of some 25 per cent from 531,306 enrolments in 2016 (coinciding with decreasing VET FEE-HELP). By comparison, there was a marked increase in international student enrolments in VET diploma and higher programs with 114,100 enrolments in 2017, up from 94,500 in 2016.

In TVA 2017, some 46.7 per cent of international VET student enrolments were enrolled in courses at diploma level and above (NCVER, 2018b). By comparison only 12.7 per cent of domestic VET students were enrolled in courses at diploma level and above, the dominant qualification being certificate III at 30.2 per cent of all domestic course enrolments. Data indicate that these high numbers of international student enrolments at AQF level 5/6 VET diploma level and higher are from China, and some half of all these students intend to go on to further study, especially in HE.

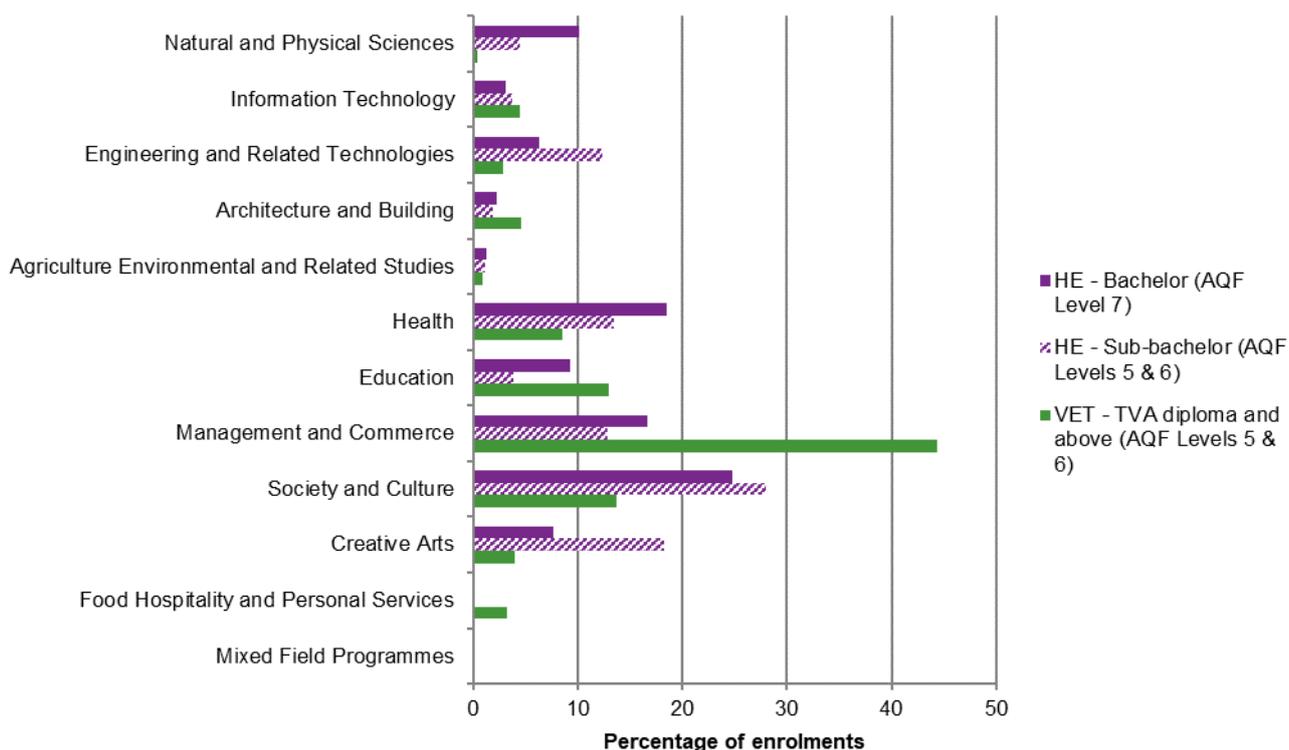
Comparing enrolments by field of education

Data

Enrolments in HE and VET courses at AQF levels 5, 6 and 7 for 2016 are shown in Figure 2. They are shown as a *proportion* of all enrolments in each category. The year 2016 coincides with some of the highest levels of enrolments under the now closed VET FEE-HELP program.

Figure 2 does not include any data on VET Student Loans, which commenced in 2017.

Figure 2 Domestic HE and VET course enrolments by field of education as a proportion of enrolments in each category (AQF 5, 6 and 7), 2016 (%)



Observations

Noting that this figure shows the proportion of all enrolments in each category, there appears to be a broad overlap with some variability in enrolment preferences by field of education between VET diploma and higher (AQF 5/6) and HE sub-bachelor (AQF 5/6) qualifications.

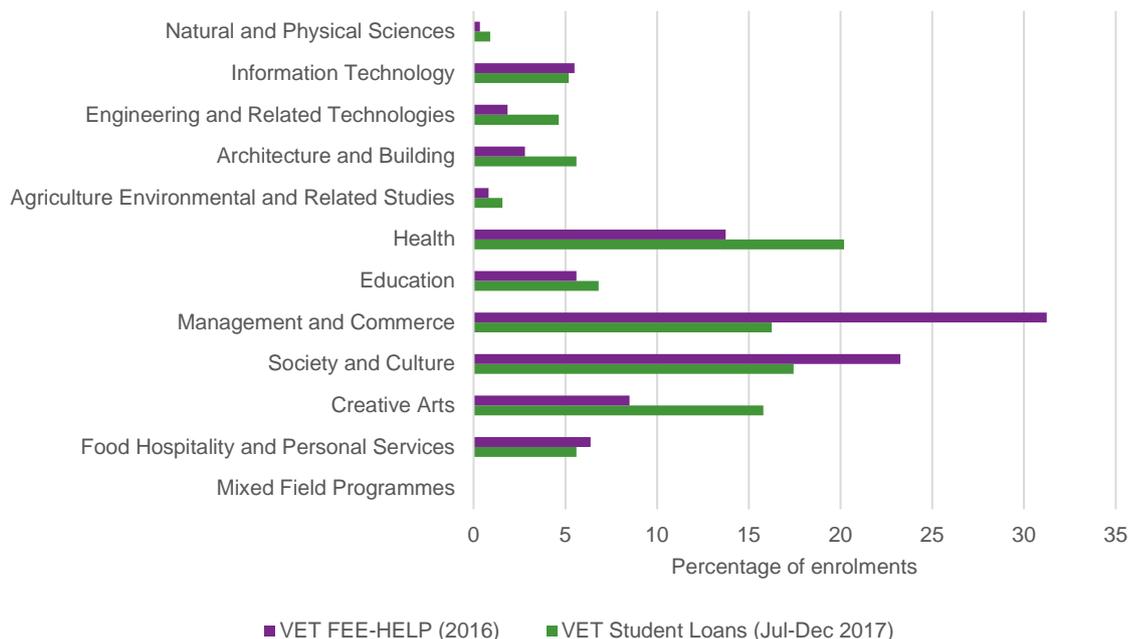
The fields of education management and commerce and society and culture dominated in both HE (bachelor and sub-bachelor) and VET course enrolments (diploma and above) in 2016. Enrolments in health, education and creative arts had the next highest numbers of enrolments. Natural sciences had far greater numbers in HE, whereas food hospitality and personal services enrolments were predominantly in VET.

Comparison with VET FEE-HELP courses is not warranted (the program being closed): suffice to say that the latter were dominated by enrolments in management and commerce and society and culture.

However, using data available (DET, 2017a, 2017i), Figure 3 shows the differences in proportional enrolments between those under VET Student Loans and those under VET FEE-HELP.

Health and creative arts enrolments were more common in VET Student Loan than in VET FEE-HELP courses, as were engineering and related technologies and architecture and building. Conversely, management and commerce and society and culture were less common in VET Student Loan courses than in VET FEE-HELP courses. This presumably reflected the type of legislatively specified courses in the VET Student Loans program compared with those that could be undertaken with VET FEE-HELP.

Figure 3 Program enrolments in VET FEE-HELP (2016) and VET Student Loans (July-December 2017) as a proportion of enrolments in each category (AQF 5/6) (%)



Comparing enrolments by course

Data

Table 3 lists the twenty VET Student Loan courses in which most students enrolled (DET, 2017g) compared with those recorded in the government-funded VET time-series, also for 2017 (NCVER, 2018a). This table compares VET diploma level and higher (AQF 5/6) courses either loan financed or government funded (subsidised), both categories of program being publicly resourced. There is some obvious overlap in courses and clearly far higher enrolment numbers in government-funded VET, as this is an ongoing and long-running commitment funded by States and Territories, compared with the commencing year for VET Student Loans. The table indicates that for many popular VET diploma courses, and within program rules, states and territories could direct students into Commonwealth financed 'loans' for their training and far more limitedly 'fund/subsidise' diploma courses.

Table 3 VSL courses ordered by VSL-assisted enrolments, government-funded diploma and higher

VSL Jan to 30 Jun 2017		VSL 1 July to 31 Dec 2017		Gov-funded VET 1 Jan to 31 Dec 2017	
Course name	Enrolments	Course name	Enrolments	Course name	Enrolments
Diploma of Nursing	3,584	Diploma of Nursing	5,925	Diploma of Early Childhood Education and Care	67,534
Diploma of Early Childhood Education and Care	1,647	Diploma of Community Services	2,451	Diploma of Leadership and Management	41,204
Diploma of Community Services	1,560	Diploma of Early Childhood Education and Care	2,333	Diploma of Business	27,432
Diploma of Screen and Media	1,475	Diploma of Screen and Media	2,090	Diploma of Community Services	18,524

VSL Jan to 30 Jun 2017	VSL 1 July to 31 Dec 2017		Gov-funded VET 1 Jan to 31 Dec 2017		
Diploma of Beauty Therapy	1,299	Diploma of Beauty Therapy	2,019	Diploma of Nursing (Enrolled-Division 2 nursing)	14,307
Diploma of Business	805	Diploma of Remedial Massage	993	Diploma of Project Management	13,578
Diploma of Counselling	743	Diploma of Business	985	Diploma of Nursing	13,292
Diploma of Remedial Massage	676	Diploma of Accounting	760	Diploma of Accounting	12,196
Diploma of Music Industry	662	Diploma of Counselling	746	Diploma of Building and Construction (Building)	11,961
Diploma of Visual Arts	498	Diploma of Music Industry	657	Advanced Diploma of Leadership and Management	10,880
Diploma of Accounting	491	Diploma of Business Administration	607	Diploma of Hospitality Management	10,326
Diploma of Sport Development	431	Diploma of Visual Arts	577	Diploma of Beauty Therapy	8,403
Diploma of Business Administration	400	Diploma of Information Technology Networking	536	Diploma of Business Administration	8,253
Diploma of Building and Construction (Building)	390	Diploma of Sport Development	533	Diploma of Remedial Massage	7,137
Diploma of Graphic Design	389	Diploma of Youth Work	522	Diploma of Human Resources Management	7,118
Diploma of Information Technology Networking	345	Diploma of Building and Construction (Building)	521	Diploma of Financial Planning	6,804
Diploma of Event Management	344	Diploma of Graphic Design	502	Advanced Diploma of Translating	6,737
Advanced Diploma of Building Design (Architectural)	339	Diploma of Leadership and Management	499	Diploma of Counselling	6,391
Diploma of Youth Work	333	Diploma of Event Management	470	Advanced Diploma of Translating	6,061
Diploma of Leadership and Management	306	Advanced Diploma of Building Design (Architectural)	460	Diploma of Youth Work	5,415

A second comparison of interest is between VET and HE for VET AQF 5/6 enrolments under the VET Student Loans program and those in HE AQF 5/6 sub-bachelor courses. This is less simple, not only because VET Student Loans data are as yet so limited, but also because unlike practice in VET, names of higher education courses are institution-specific. The following is then a proxy comparison.

Public websites were inspected of some ten higher education institutions regulated by TEQSA (including nine universities with associated colleges specialising in sub-bachelor associate degrees and diplomas), representing examples from eight jurisdictions. Advertised courses with varied and differing institution-specific titles were noted. A summary is shown in Table 4: this content was built from on-line course advertising content that displays a broad discipline area, and not by using a national VET qualification name as in Table 3.

Courses offered include associate degrees and diplomas (AQF 5/6). Separately (and not regarded as sub-bachelor) foundation entry programs are also advertised (e.g., languages; preparing for study at university).

Table 4 Scan of associate degrees and diplomas offered by higher education providers

General discipline area	Examples of sub-specialisation associate degrees and diplomas
Arts	Design and Innovation, Journalism, Media Arts, Design Fashion, Illustration, Music, Song Writing, Music Production, Writing and Publishing
Business	Finance, Commerce, Accounting, Leadership and Management, Marketing and Communication, Hospitality Management
Education	Early Years, Social Science, Social Work
Health science and science	Nursing, Pharmacy, Psychological Sciences, Health Information Management; Biomedical sciences, Veterinary Nursing
Engineering	Architectural Studies, Design, Engineering and Building Design Management, Civil Engineering, Aviation
Information and communications technology	Website Development, Information Technology Networking, Business Informatics, Health Network and Software Engineering
Law	Para Legal, Legal Practice, Policing and Criminal Justice

Observations

This evidence clearly indicates significant overlap of high/popular course enrolments across the VET/HE AQF 5/6 boundary.

A longer track record of the VET student loan program over time will allow more comprehensive and meaningful comparisons of the uptake of VET diploma vs HE sub-bachelor courses.

While the preceding data and observations point to significant overlaps, as well as some areas of differentiation, such a conclusion risks being too superficial in not examining at deeper level what is known of institutional marketing, student choice, study intent and post-study outcomes: that is, the promises, purposes and benefits of courses. This is now explored.

Comparing marketing and student choice

There are common themes in the marketing to students of educational benefits and skills for jobs in both VET diploma-level courses and above, and HE sub-bachelor courses. The overall pitch and rhetoric in presenting benefits of sub-bachelor programs are much the same as those long espoused by vocational education providers.

Universities have significantly greater marketing power in offering sub-bachelor courses in like or similar fields of education to VET courses at diploma level and above. Students are persuaded to choose higher education for reasons of prestige and opportunity to jump into second year from university colleges. This may suit some student aspirations.

Advertising is directed at students who either did not get into a university course as their first preference or who do not have an Australian Tertiary Admission Rank (ATAR). It can include targeting students seeking a pathway into undergraduate degrees or just new skills or a career change. Entry qualifications may include year 12 or a certificate III or IV. Program duration is between twelve and twenty-four months full time for diplomas and associate degrees respectively.

Many such courses are designed to allow direct entry to and articulation with like university courses, linked with potential entry into second year. In some instances, guaranteed entry between a TAFE and university (or its college) is featured, and there are a few examples of dual awards of VET diploma and sub-bachelor awards. Funding may include access to HELP financial support, subject to relevant funding rules.

Universities also have a further advantage in their 'self-accreditation' status and curriculum agility, and are able, if they choose, to work ever more closely with industry. Registered Training Organisations (RTOs)

including TAFEs by contrast are greater reliant on (or at worst anchored by) timeliness in the development of training package qualifications, or accredited courses as approved by under regulation requirements..

Differing educational/training intent and student pathways

Besides prestige and opportunity, there are multiple other considerations as to why students may pick a program at either a VET or HE provider at AQF levels 5/6. One major factor is cost where students may enrol in courses, not because of educational/training benefits that are best suited to them, but for reasons they perceive as financially the most favourable. Students, and indeed providers, will move to where they believe they will be best funded. Any inequitable funding policy (such as loan fees - see below) and/or administratively burdensome process risks distorting student choices.

The other major factors that steer student choice are personal aspirations. Students may either choose learning for academic interest and intellectual pursuit, or for job-relevant applied knowledge and skills acquisition. A combination of both is common, and this typically depends on students' age, prior qualifications, work-experience and employment status.

Evidence from VET AQF 5/6 students

Total VET students and courses data (NCVER, 2018b) show that of the 512,637 VET diploma program enrolments (both full and part time) some 52.3 per cent were students who stated they were a full or part-time employee, or self-employed, or an employer. Some 17.2 per cent were unemployed and seeking full or part time work. These students were motivated (based on the reasons they selected for their subject enrolments) by factors such as 'get a better job or promotion, to try a different career, requirement of my job, wanted extra skills for my job, to start my own business'.

Evidence from the 2017 Student Outcomes Survey (NCVER, 2017) for VET graduates who completed a diploma and above indicated that after training some 79.5 per cent were employed, 31.8 per cent were enrolled in further study and 14.1 per cent were studying at a university.

Portfolio budget papers state that the "proportion of VET Student Loans students studying for job or business-related reasons is expected to be 60% (against a target of 80%) ... [and] this is the result of a shift from students studying for job-related reasons to students studying to get into another course of study (approximately 20 per cent), consistent with the high volume of VET Student Loan students in courses with a direct pathway to a degree level course" (DET, 2018c, p. 50). This indicates that a higher proportion than expected of VET Student Loan students appear to have higher education, rather than employment, as their longer-term study purpose.

Evidence from HE AQF 5/6 students

The evidence from Graduate Outcomes Surveys (2016 and 2017) (Norton, 2017) indicates that about 56 per cent of sub-bachelor graduates (comprising all associate degrees, advanced diplomas and diplomas) were engaged in ongoing further study (as high as 60 per cent for diploma graduates), and that more than 80 per cent of those that enrolled in further study were in bachelor (AQF 7) and higher qualifications.

Close to double the percentage of HE AQF 5/6 graduates, then, compared with VET AQF 5/6 graduates, are in further study. When asked if their training is important or very important to their work, about 80 per cent of VET AQF 5 diploma graduates rate the value of their training at this level of importance, compared with only about 22 per cent of HE AQF 5 diploma graduates. The HE diploma students are by comparison less likely to consider their qualification as relevant to employment, a response that probably reflects the differing purpose and perceived benefits of VET and HE diplomas.

Observations

In summary, some qualification pathways spanning VET and HE have a clearer line of sight between training/education and occupational purpose. This trajectory presents an opportunity for both intermediary

stand-alone qualifications in evolving and emerging jobs as well as supporting tiered-levels of professional qualifications and job progression. This might apply in fields such as engineering, design/architecture, IT technologies, management/finance, nursing, etc. Qualification outcomes in such instances may be linked to professional registration and credentials. More effective transitions between VET and HE sectors may require fresh approaches to best joint practice in pedagogy, combining knowledge/skill teaching and assessment underpinned by a stable continuum of public funding/financing designed to span the tertiary education system.

By contrast, other AQF 5/6 qualifications, such as HE diplomas (AQF 5), may provide more academic pathways (equally meritorious) to higher learning, or be used as valued adjuncts to other professional pursuits, an example being foreign language diplomas. Such sub-bachelor courses may then provide articulation into higher AQF levels but by their purpose have little relation to industry need. By contrast, VET diplomas (AQF 5) are built more for vocational purposes, with employment as the generally intended outcome.

Comparing training and educational institutions

Data

The VET Student Loans program is limited to a list of courses each tied to one of three levels of funding and delivered only by approved providers. By comparison, publicly funded sub-bachelor courses are limited by designated numbers of Commonwealth Grant Scheme (CGS) places as agreed between universities and the Commonwealth (unless students choose to enrol as fee paying, having access to FEE-HELP support with approved providers).

A total of 144 providers approved for VET Student Loans operated during the period 1 July to 31 December 2017 and included 23 TAFEs, 12 other public organisations (including Table A university providers) and 109 private providers (DET, 2017i, p. 4). Providers reported as having sub-bachelor students in 2016 included 10 TAFEs, 38 universities (Table A and Table B providers under the Higher Education Support Act, including dual sector providers), and 47 non-university higher education providers (NUHEPs).

In the full year 2017 a total of 211 registered training organisations operated as approved providers for VET Student Loans, but only 155 had students who accessed a loan. The 211 included 23 TAFEs, 14 other public organisations (including Table A providers), and 174 privates (DET, 2018e, p. 5).

Observations

Some education and training providers straddle both VET and HE sectors, having enrolments at AQF 5/6 levels as they are approved and funded to offer both VET Student Loans courses and sub-bachelor courses. A cross-tally of these institutions is shown in Table 5. For historic comparison, a cross-tally for VET FEE-HELP is shown as well.

Table 5 Providers that were registered as both higher education providers and approved as VET Student Loans providers (and historically VET FEE-HELP providers)

	Public universities	Private universities	NUHEPs
VET Student Loans* and higher education	10 (including dual sector providers)	2	24 (including 11 TAFEs)
VET FEE-HELP (2016) and higher education	10 (including dual sector providers)	1	32 (including 11 TAFEs)

* Out of the 167 approved VET Student Loan providers (as of 14 May 2018).

Source: author's analysis based on data from Department of Education and Training (2017a, 2018a, 2018d)

Providers and relationships across the VET/HE boundary

Table 5 shows some thirty-six institutions straddling the VET/HE boundary, able to offer VET courses financed by VET Student Loans and potentially offer sub-bachelor courses, with public universities having access to CGS places. Most of these providers reported students studying HE sub-bachelor courses in 2016, with the exception of four TAFEs, five other NUHEPs and two universities. These institutions would be registered and accountable to two regulators.

Content on public websites shows some examples of productive inter and intra-institutional collaborations at local levels between education providers, supporting students to benefit from both sectors with designed pathways and articulation, a few with guaranteed entry or offering dual qualifications.

These appear to be cooperatively negotiated 'ground up' between institutions, not facilitated by policy 'top down'. Two recent such examples were highlighted in the Halsey Report (2018, pp. 52-53) concerning courses at La Trobe University and Central Queensland University. Students (if they are aware of all this) pick what suits them best for reasons of personal motivation and cost.

At least eleven universities are approved as VET student loan providers and also have contracts for HE 'designated places'. This provides potential for two student pathway entry arrangements - both at AQF 5/6.

Comparing public funding and financing

Funding for VET level AQF 5/6 diplomas and advanced diplomas

Dissecting and quantifying all funding sources, public and private, for such training is problematic through lack of available information. This makes it difficult to estimate the overall costs to all governments, especially where there are costs (and cost sharing by governments) of future doubtful debts from unpaid student loans. The differing funding sources for training are as follows.

Courses may be state/territory subsidised as per jurisdiction-specific subsidised training lists. The offered courses and levels of subsidy (and indicative total price) are the subject of differing public disclosure practices.⁵ The total subsidy costs for all governments of their VET AQF 5/6 enrolments are unknown. The total out-of-pocket costs to students are also uncertain.

Courses may also be supported by the Australian government financing through student loans, with the national VET Student Loans program commencing in January 2017. This program is designed to be of the highest quality and is limited to selected approved providers, a legislatively defined course list and capped public financing at three levels of \$5,000, \$10,000 and \$15,000 for the three course categories (other than exceptions).

Students may enrol on a full-fee-for-service basis and trigger a 20 per cent loan fee if they borrow for such a purpose. Students whose enrolment is also partly subsidised by a state or territory government do not incur such a loan fee (DET, 2017f, p. 4), seemingly regardless of the (minimal) quantum of subsidy. Where an employer might similarly subsidise a student employee's enrolment, perplexingly, the student still incurs a loan fee.

Finally, courses may be undertaken on a full-fee-for-service basis and be privately funded. There is no direct cost to government (other than if such students attend a publicly owned TAFE, with such costs then presumably recovered by fees).

The financing and expected achievements for the VET Student Loans program are shown in Table 6. This table shows portfolio program expenses (assumed but not stated as interest and doubtful debt) and indicates a modest expansion in program expenses over the forward estimates.

⁵ As one example NSW lists in its 'Smart and Skilled Prices and Fees V8.1' a 'student fee plus subsidy to equal a qualification price', that includes some 200 diploma courses, whose student enrolment and costs are not known: https://www.training.nsw.gov.au/forms_documents/smartandskilled/prices_fees/prices_fees_v8.1.pdf (accessed 26 June 2018).

Table 6 Program expenses VET Student Loan program (DET, 2018c, p. 40)

	2017/18 Est. actual \$'000	2018/19 Budget \$'000	2019/20 For-est. \$'000	2020/21 For-est. \$'000	2021/22 For-est. \$'000
VET Student Loans Act 2016					
VET Student Loans	191,144	251,333	268,012	275,243	276,892

Early reports of the VET Student Loans program indicate the amount paid to approved course providers in respect of VET Student Loans approved for students studying eligible courses was \$78,131,044 (January - June 2017) (DET 2017h, p.5), and \$114,147,477 for the reporting period (July to December 2017) (DET 2017i, p.5).

Public funding and financing of VET AQF 5/6 courses is complex, being the sum of (unknown) state/territory government subsidies of VET diplomas and higher-level VET qualifications as well as Australian government-financed VET Student Loans (some with state/territory subsidy), available at 211 approved providers (at 4 May 2018). The amount paid to course providers in respect of VET Student Loans approved for students studying eligible courses in 2017, was \$200,335,628 for full-year 2017 (DET 2018-e, p.6). Of the 211 approved course providers that operated during 2017, 155 had students who accessed a VET Student Loan.

Portfolio budget papers 2018/19 state the VET Student Loan program had administered expenses appropriation as shown in Table 6. It is difficult to reconcile levels of provider payments in 2017 with the stated estimates of program expenses in Table 6 (assumed to include interest and unpaid loans).

Legislation is presently before the Senate to split VET student loan debts from other forms of HELP debt by moving the legislative basis for VET Student Loans from the *Higher Education Support Act 2003* into the *VSL Student Loans Act 2016*. This might have the impact of changing the basis of risk rating of loans for VET courses (when excised from HE HELP debt) and hence potentially adjust cost-sharing arrangements across governments.

Funding for HE level AQF 5/6 sub-bachelor courses

At the sub-bachelor level 'limited funding (CGS places) [are] provided for students enrolled in ... sub-degree ... programs based on Funding Agreements with public universities' (DET 2017c, p. 47). The Commonwealth enters into agreements with higher education providers for designated places for sub-bachelor qualifications that are categorised into funding clusters. There are eight such discipline-based funding clusters (summarised in Table 7). Units of study are allocated to funding clusters and student contribution bands by field of education.

The Commonwealth contribution (see Table 7) as well as a maximum student contribution (not shown here) are explicit. Institutions then decide the level of student contribution (up to the maximum allowed), with the costs to students then potentially covered by HELP financing.

Table 7 Sub-bachelor funding cluster and Commonwealth contribution

Funding cluster	Commonwealth contribution
Funding cluster 1 Law, accounting, administration, economics, commerce	\$2,120
Funding cluster 2 Humanities	\$5,896
Funding cluster 3 Mathematics, statistics, behavioural science, social studies, computing, built environment, other health	\$10,432
Funding cluster 4	\$10,855

Education	
Funding cluster 5 Clinical psychology, allied health, foreign languages, visual and performing arts	\$12,830
Funding cluster 6 Nursing	\$14,324
Funding cluster 7 Engineering, science, surveying	\$18,240
Funding cluster 8 Dentistry, medicine, veterinary science, agriculture	\$23,151

Inspection of 2018 bilateral Commonwealth and institutional agreements has allowed an aggregate estimate of sub-bachelor designated places and grant outlays. This shows an estimate of 18,847 designated places⁶ at an outlay of \$205.4 million in grant funds contracted to 36 selected universities (Table A providers) in April 2018, excluding one institution.⁷

Nursing is substantially funded through designated places (1,219 places, \$17.5 million in 2018), which is of note given that the VET Diploma in Nursing showed the highest VET Student Loan enrolments in 2017. A further recent example is the University of Tasmania being funded \$41 million for 500 additional sub-bachelor Commonwealth-supported places in 2018 and 1,000 additional ongoing places from 2019 to deliver more learning and employment opportunities for students (Abetz, 2018). Total domestic enrolments in such sub-bachelor places in 2016, two years before, were reported as 29,917, as shown in Figure 1 above.

Finally, other students (both domestic and international) enrol in sub-bachelor programs on an entirely fee-paying basis (for example at private providers). Domestic students may access HELP financing if the provider is approved for FEE-HELP and in such cases there is a 25 per cent loan fee.

Observations

Public funding/financing and administration

Different public policies and financing/funding programs support education and training in either of VET diplomas/advanced diplomas or HE sub-bachelor courses, both at AQF 5/6.

At the Commonwealth level, on present (early) evidence, the VET AQF 5/6 side of the boundary is supported by a loan finance program linked to a legislated list of courses with an estimated actual cost in program expenses of \$191 million in 2017/18 and a budget of \$251 million in 2018/19 (per portfolio budget papers). The amount reported as paid to course providers in respect of VET Student Loans approved for students studying eligible courses in 2017, was \$200,335,628 for full-year 2017.

The early reports of the VET Student Loans program (2017 data) show a more tightly targeted program which, to date, has far fewer enrolments than there were under VET FEE-HELP. In the main this is attributable to deliberate quality and containment policies. Early indication is that subject pass rates are sound (Andrews, 2017). The program is designed to be “job-targeted, high quality, cost controlled”, this born from the past dire experiences of VET FEE-HELP.

An unknown is the quantum of government funding in training subsidies paid by state and territory governments for enrolments in VET AQF 5/6 courses under their jurisdictional training lists. Such subsidies may also support enrolments in a VET Student Loan listed course, with the long-term consequence that costs of any future unpaid loans will be shared between governments.

⁶ Designated undergraduate places include places in associate degrees, advanced diplomas, diplomas and enabling courses but not medical places

⁷ The University of Notre Dame was allocated 416 places for which funding was not calculable as undergraduate sub-bachelor and undergraduate bachelor places could not be distinguished for non-Table A providers.

Conversely, on the HE AQF 5/6 side of the 'boundary' a Commonwealth grant program supports contracted universities. Designated places are limited by a quota in field of education codes within assigned funding clusters, for which the maximum student contribution is also specified. In 2018 the outlay in grants to universities is estimated as at least \$205 million. Students may take on HELP finance to cover additional tuition costs and again any unpaid deferred loans are a future cost to government.

Based on the above, the approach of the Australian government differs on either side of the VET/HE boundary: there are training loans for students enrolled in legislatively specified VET AQF 5/6 courses and grant places plus loans for students enrolled in quota-limited AQF 5/6 courses available at universities.

There are also significant costs to the Australian government in administering parallel programs: for example, a recent proposed outlay of "\$36.2 million over four years from 2018-19 (including \$7.6 million in capital funding in 2018-19) to fund implementation of a new IT system to support the compliance and regulatory arrangements for the VET Student Loans program ... This approach will deliver both efficiencies and better services for VET providers and students" (Australian government, 2018, pp. 89-90). This expenditure is for a program that in the full year 2017 had some 211 approved providers.

Implications and conclusions

Differing policy viewpoints across sectors

The boundary areas between VET diplomas and above (AQF 5/6) and HE sub-bachelor courses (AQF 5/6) have been the subject of recent policy debate. On sub-bachelor courses the national policy is clear, at least in the mid-term. It now states:

The previously proposed expansion of the demand driven funding to Commonwealth Supported Places (CSPs) in approved Sub-bachelor level diploma, advanced diploma and associate degree courses will not proceed. Each university will receive an allocation of Sub-bachelor CSPs in 2018, which will be documented in their funding agreement. From 2019, the Government will reallocate CSPs for Sub-bachelor courses that focus on industry needs and fully articulate into a bachelor degree.

(DET, 2017b)

The initial policy proposal was contentious. The argument for the policy was exemplified by the submission of Universities Australia:

Removing caps on Sub-bachelor places will help to fill skills gaps in the economy, provide more choice for students, and provide an alternative route into a Bachelor degree. Sub-bachelor qualifications are valued by employers because they equip graduates with practical skills that can be applied immediately in the workplace. These courses build student confidence and increase students' potential to succeed. They are an excellent pathway to further degree level study.

(Universities Australia. 2017)

TAFE Directors Australia expressed opposition:

TAFE institutes across Australia are concerned about the potential distortionary effect of the extension of Commonwealth Supported Places (CSP) demand-driven funding to Sub-bachelor level qualifications. The proposal to extend CSPs to university Sub-bachelor courses is duplicative and difficult to justify, from either a financial or efficiency perspective. Past experiences suggest that such a move would see a rapid expansion of higher education delivery at the diploma and advanced diploma level, which would displace existing public investment within the VET sector, and ultimately call into question the viability of TAFE. The proposed 'test' of industry relevance for the courses and the approval by the Department and the Minister would duplicate the industry engagement arrangements already in place in the VET sector.

(TDA, 2017)

These views summarise the contested boundary space. In the decision not to proceed with the extended demand driven policy, an underlying issue may have been risking further increase in national HELP debt (Ferguson, 2018).

An unresolved issue for universities in particular is the detail of how the policy of 'focus on industry needs and fully articulate into a bachelor degree' will be made operational and whether associate degrees and diplomas must meet both tests of industry need and articulation.

Related international perspective

Higher education/VET distortion and credential creep are claimed to be evident in the United Kingdom, where universities have power through finances, prestige and marketing. Wolf, in critique of the UK experience states:

[U]niversities are thus well placed to expand their recruitment and the range of their offerings, colonising areas of vocational education and training which were traditionally the preserve of apprenticeship or of vocational schools and colleges. One policy option is simply to accept this: everyone should go to university, and all training should simply take place there. It is a bad option – financially and substantively.

There are two key characteristics of universities which undermine their ability to provide good education and training in some areas. First, they are self-contained and separate from the workplace. They cannot, for either financial or practical reasons, possibly keep up with all the changes which take place in a fast-developing industry – the new machinery and techniques, the new markets, the emerging competitors. In addition, because they are separate, their instruction takes place in environments which are not like the workplace. Universities use classrooms (even if the classroom may be fitted out as a lab). They assess and mark people individually, which is the only fair thing to do – and what students, very reasonably, demand – since people then go out into the world as individuals, with their individual degree results. When people in work are asked about the type of training they have found most valuable, 'on the job' training with others, invariably comes out top and it is what universities cannot, by

their nature, provide. That is why vocational institutions which are genuinely close to employers and the workplace are needed.

Second, university teachers however 'vocational' their speciality, make their careers as academics and researchers, not as practitioners of whatever profession, trade or calling they teach. The tension, in university life, between teaching and research is a permanent one. Teaching is, ultimately, what universities exist to do, but research is what they also do. It is what academics like to do and it helps to maintain the universities' (and their teachers') ability genuinely to promote understanding and, critically, it is something on which one can reach fairly objective judgements about people's quality and abilities. So research and research publications inevitably get the most attention from the ambitious and able.

(Wolf, 2015, p. 74)

Whilst such views are expressed in somewhat extreme terms, Wolf advocates the need to tilt Britain's education system back towards skills training (2017a, 2017b).

In responding to the Business Council of Australia's thought-leadership 'Future-Proof: Protecting Australians through Education and Skills' (BCA, 2017), Universities Australia (2018) write that:

... investing in education and research is the best way to support productivity and innovation, and to equip Australia for an era of rapid change. The Universities Australia submission proposes industry could partner with universities to (inter alia):

- *Jointly develop higher-end vocational programs in higher education;*
- *Co-invest with universities in quality work placements, including internships, work-integrated learning (WIL) places and apprenticeships; and*
- *Increase the number of apprenticeships offered business and industry.*

This has traditionally been VET terrain, and the Universities Australia statement enters directly on to the contested ground and 'colonisation' criticised by Wolf. This all might be seen as takeover by some, but as innovation and opportunity by others. The Australian Technology Network of Universities assert their vocational credentials to align their relevant HE qualifications to future jobs, advocating *inter alia* "competency based teaching and assessment", "pathways integrating employment and education", "micro-credentials developed with industry", "closer industry/university collaboration via work integrated learning". (Australian Technology Network of Universities/PWC, 2018)

For the present

The VET/HE AQF 5/6 qualifications and their 'boundary' space presently operate under separate legislative, funding/financing and regulatory regimes, including different accreditation paths for courses and qualifications, and with separate public administrative costs. With regards to Commonwealth support, one program appears dominantly loan based (with uncertain state and territory subsidies), the other dominantly grant based with loan top-up. This picture is incomplete in detail as it does not include either costs of state and territory VET subsidies or longer-term costs to governments of unpaid loans for VET or HE courses.

Present policy and funding arrangements appear to tilt student choice to the HE track. The most recent evidence is that VET AQF 5/6 diplomas and above declined from 2016 to 2017, with lower total VET enrolments

at diploma and above (fall of 132,790 or 25 per cent) explained in large part by the switch from VET FEE-HELP to VET Student Loans as well as a fall in government-funded VET diploma and above programs. By comparison, there is some growth in HE sub-bachelor enrolments (increase of about 4,500 or 18% between 2015 and 2016).

To the extent that choice of course and costs drive student behaviour (assuming they are aware), the question to be answered is: what is the quantum of direct public funding/subsidy from all governments plus longer-term costs to government of any unpaid loans both sides of the VET/HE AQF 5/6 divide, and for this outlay, what are the educational, skills and employment benefits to students and employers?

There are examples where the boundary is porous, with locally cooperating institutions providing student-centric solutions and pathways that allow student progression. Overall, however, when considered from the viewpoint of students seeking better combined educational and training opportunities to enter or advance in the labour market, and employers wanting mid-tier professional graduates with better knowledge and critical thinking capability, as well as higher-level technological skills - then the present national arrangements need deeper examination. Present policy settings resemble the UK experience with a need to 'tilt' back to VET.

For the future

Transcending Wolfe's strident view of HE colonisation of VET, there are even greater forces in global evolution in institutional structures and education/training delivery systems, with technology leading and policy lagging. Education futurists point to the forthcoming disruptive impact of internet-empowered education interlopers, offering global reach in digital learning and corporate packaging of industry-endorsed 'just when needed' learning, including micro-credentials, which are forecast to impact on existing HE and VET providers (Halloran & Friday, 2018). Such revolutionary change may not of itself be damaging to the national aspiration of high quality, timely skills formation in the current and future workforce (Productivity Commission, 2017), provided educational offerings such as micro-credentials are supplementary and not alternatives displacing full qualifications.

Setting this world view aside, two important ongoing reviews are relevant to Australia's education and training future in this regard. The first is a review of higher education provider category standards (Birmingham, 2018) which may amend institutional forms (perhaps by rethinking the definition of 'university'), and the second a national review of the AQF (DET, 2017e, p.29) for which an expert panel has now been appointed (Birmingham & Andrews, 2018).

Contextual research in preparation for this review of the AQF (PhillipsKPA, 2018, p. 79) suggests the need to review the positioning and descriptors of AQF levels 5/6 in VET and HE. As a preliminary observation and summarising views of providers, it notes "ambiguities in having different qualifications on the same level, but also about differentiation of student support payments for the same qualification dependent upon its classification as 'VET' or 'HE'" [and] "while funding and support payments may sit outside the sphere of influence of the AQF they nevertheless potentially promote powerful distortions in the marketplace for qualifications which is a core concern for the AQF".

While any change and solutions are for the future, the evidence presented here shows an extraordinary edifice of complex, differing and intertwined national and state policies, regulation and funding/financing covering a national qualification policy framework that sets a boundary and overlap between two sectors within one tertiary system. It illustrates the urgency of establishing more coherent and better integrated policies for the tertiary education system, with the present set-up significantly disadvantaging VET.

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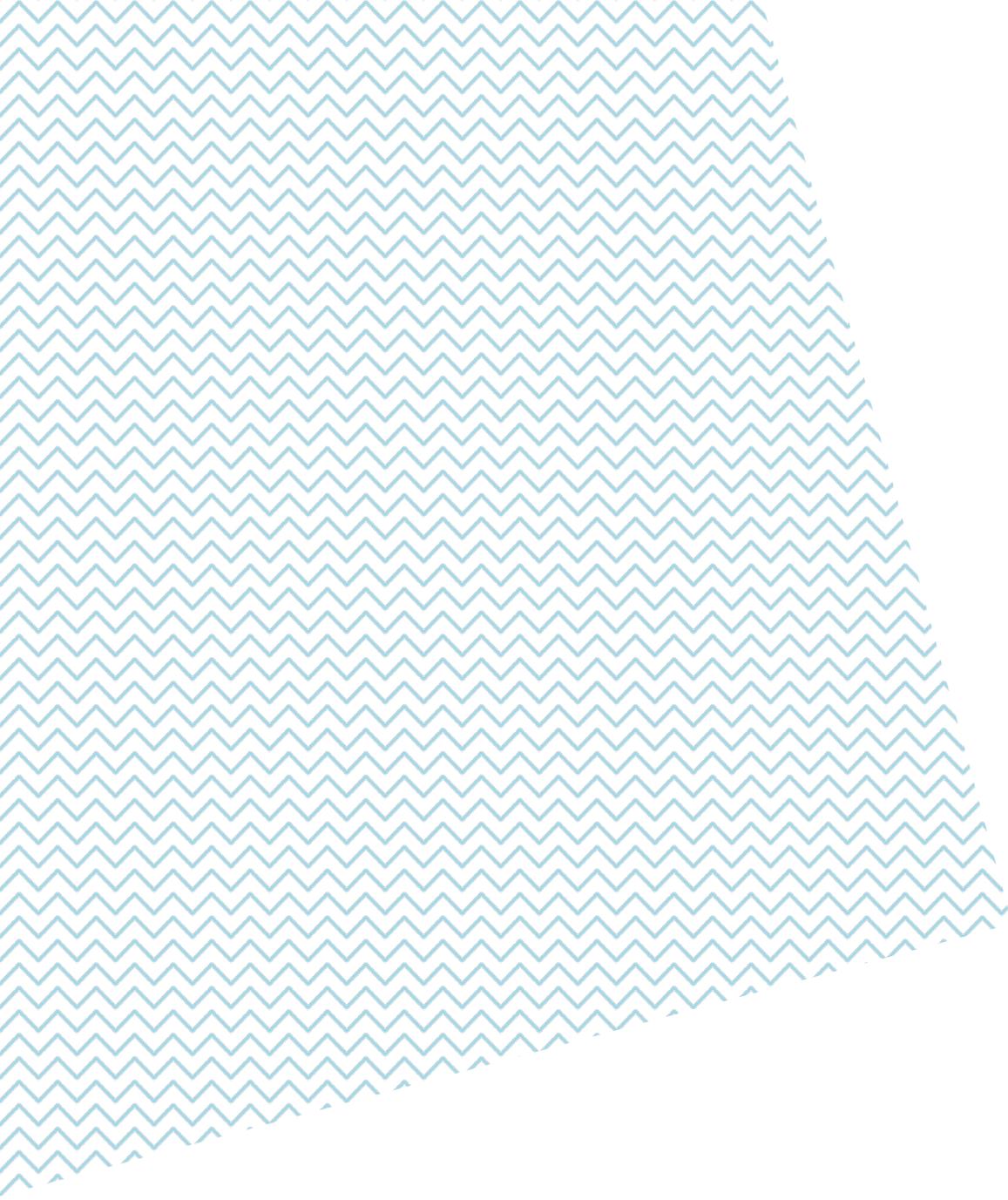
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