

LEO GOEDEGEBUURE, RUTH SCHUBERT AND PETER BENTLEY

## **5. INSTITUTIONAL DIFFERENTIATION IN AUSTRALIAN POSTSECONDARY EDUCATION: HIT AND MISS**

### INTRODUCTION

Today's postsecondary education system in Australia is a complex tapestry of different types of institutions with different histories, governance structures, funding arrangements, serving quite different types of students and focusing on quite different sets of activities. This makes for a murky picture with no clear boundaries for specific types of institutions. The first part of this essay provides a brief overview of the system as of 2016 followed by the history of this system that has resulted from both planned and ideology-driven change. The chapter documents the landmark policies that emerged over the last 60 years and how they shaped the system into what best is typified as a process of "punctuated equilibria" and finally reflects on the particular nature of the university in an Australian context and what this means for a differentiated system. The essay includes a comprehensive table providing statistics on the types and numbers of postsecondary institutions, current enrollments and enrollment trends, and an indication of the public investment in the postsecondary sector. As will become clear, because of the federated nature of the Australian system and the different roles and responsibilities of the Commonwealth and state governments, not all statistical information is easily comparable, and certainly patchy in some areas.

### TERTIARY EDUCATION

At the apex of Australia's postsecondary education system are 43 universities, of which 40 are designated as an "Australian University," one as an "Australian University of Specialization" (the University of Divinity), and two as overseas universities (Carnegie-Mellon University and University College London). In addition, 128 Higher Education Providers (HEPs) are registered by the Tertiary Education Quality and Standards Agency (TEQSA), the national regulator for this part of the postsecondary system. While universities are self-accrediting authorities, the HEPs are not, and formally accredited by TEQSA. Of these HEPs, 11 are state-based public institutes for

Technical and Further Education (TAFE) that are delivering higher education programs, predominantly at the bachelors level, with some masters programs. The others are private providers, for-profit and not-for-profit, with a number being subsidiaries of Australian universities in the form of feeder or English language colleges catering to the substantial number of international students. Six universities are so-called dual sector universities that, in addition to higher education programs, offer vocational education programs.

Together, these 171 postsecondary providers enrolled 1,393,373 students in 2014, of which 75% were undergraduates 23% postgraduate students and 2% in enabling and non-award programs; 73% of students are domestic students and 27% are international. While these figures already point to a significant diversity in tertiary education provision, they hide the fact that there are vast differences of enrollment distribution among these providers. As noted in the 2016 TEQSA Statistics Report, 46% of providers had fewer than 500 EFTSLs (Equivalent full-time student load) in 2014, and nearly a quarter had greater than or equal to 5,000 EFTSLs, with the largest universities having well over 40,000 students. Overall, Australian universities are significantly bigger than the non-university HEPs, accounting for 92% of postsecondary enrollments. Overall some 70% of higher education students study full-time and 30% part-time with non-university HEPs catering to a slightly larger proportion of part-time students (all data: TEQSA 2016).

#### VOCATIONAL EDUCATION AND TRAINING (VET)

The Vocational Education and Training (VET) sector is a significant part of the Australian postsecondary education system. A wide range of providers operate in this sector, again highlighting the diversity of provision across Australia: technical and further education (TAFE) institutes; adult and community education providers; private providers; community organizations; industry skills centers; and commercial and enterprise training providers. There are major variations across states in terms of governance arrangements and degrees of institutional autonomy, as well as in funding levels and arrangements.

The VET sector contains 4,557 institutions, formally known as Registered Training Organisations (RTOs), the vast majority of which (3,929) fall under the regulatory umbrella of the Australian Skills Quality Authority (ASQA). An exception to this are the 314 RTOs in the states of Victoria and Western Australia that are covered by state regulation and oversight. The VET sector is built around national curriculum building blocks known as training packages. In 2015 there were 76 endorsed training packages, containing 1,672 qualifications, 1,147 skill sets and 18,101 units of competency, and 1,145 accredited courses (ASQA 2015).

INSTITUTIONAL DIFFERENTIATION IN AUSTRALIA

Table 1: Enrollment by institution type

<i>Institution type</i>	<i>Number institutions</i>	<i>Enrollment</i>
Higher Education		
Australian University	40	1,263,669
Australian University of Specialization	1	1,576
Overseas University	2	—
Non-University Higher Education Providers	128	100,190
Total Higher Education Providers	171	1,410,133
Vocational Education and Training		
Private Providers	3,099	1,594,500
Community Education Providers	468	97,600
Schools	442	222,600
Enterprise Providers	207	76,700
TAFE	53	944,800
Universities	15	73,200
Total	4,284	3,009,400

Source: Higher Education Statistics Collection, Department of Education and Training, Canberra and Vocational Education Statistics Collection, National Centre for Vocational Education Research (NCVER), Adelaide.

A comparison of the VET sector with the rest of the higher education sector is complicated by different reporting and accounting regimes. While numbers of students are known, these are not recorded as EFTSLs, but rather as training hours delivered, used as the basis for the allocation of funding. Given that VET students include school leavers as well as students taking VET subjects in secondary schools and adults wanting retraining and upskilling, the sector incorporates a very diverse student body. Summary statistics show that 23% of Australians aged 15-64 participated in VET training, that amounts to almost 4 million students.

In terms of types of providers, private providers comprise 62% of the sector, followed by schools (21%), community education (11%) enterprise-based (5%), TAFEs (1%) and universities (<1%). Student numbers, however are distributed quite differently, with private providers still catering to a majority of students (58%), but TAFE being the significant second player (28%), followed by community education and schools and enterprise-based training and universities (NCVER 2016).

There is significant movement of students between VET and higher education with many pathway agreements existing between VET providers and universities for stu-

dents wanting to pursue higher degrees. But equally, many university graduates enroll in VET for some retraining, primarily through short modules rather than full diplomas or certificates.

#### HOW AUSTRALIA GOT TO WHERE IT IS: PLANNED CHANGE, STALEMATES AND IDEOLOGY

Tracing policy that contributed to system differentiation is both an interesting and frustrating exercise. Australian postsecondary education policy-making is marked by some watershed periods that fundamentally changed the course and nature of the system. Yet these moments were complemented by policy paralysis and an overlay of political ideology that has left a mixed legacy. In an attempt not to overcomplicate this (easy, given the murky waters the country has gone through) this section provides separate descriptions of the tertiary and the vocational education and training sectors.

Although Australian tertiary education dates to the middle 1880s it evolved primarily from a small and elite base after World War II. Australia experienced a sharp increase in the demand for higher education around the early 1960s which far exceeded the capacity of the system. The Martin Committee, named after then chair of the Australian Universities Committee, Sir Leslie Martin, was established to investigate this problem and recommend a way forward. This can be seen as the first landslide moment in Australian higher education policy (Davies 1989). Basing its work on the principle that higher education should be available to all citizens according to their capacity and inclination, the Martin Report (1964) recommended the creation of a new sector to complement the university sector. Espousing the objectives of enlarged institutional differentiation, cost containment and vocationally-relevant higher education, the report received full support from both Commonwealth and state governments and a binary system consisting of universities and colleges of advanced education (CAEs) was established. Underpinning principles were a concentration on teaching, with research left to the universities, a focus on diplomas rather than degrees, and a significantly lower cost base for educating larger numbers of students relative to universities.

Solid as these foundations may have been, academic drift occurred over the next 25 years, with degree programs replacing diploma programs, staff profiles changing to resemble university academic staff rather than the professions, and prestige parity sought not through differentiating missions and profiles, but through a quest for the title of university.

In an attempt to bring institutional differentiation back to the center of the debate, in 1988, then Minister John Dawkins initiated the demise of the binary system through the introduction of the Unified National System (UNS), aimed at promoting “. . . greater diversity in higher education. The ultimate goal is a balanced system of high quality institutions, each with its particular areas of strengths and specialization.” (Higher Education: A Policy Statement 1988, p. 28).

What followed was an extensive merger of universities with CAEs and between CAEs themselves, resulting in a profoundly changed institutional landscape by the early 1990s. The 70+ universities and CAEs merged into 39 universities that constituted the Unified National System. While it was originally envisaged that differentiation would be a function of size, what ultimately emerged was a homogenous system of large, comprehensive universities modelled on the classic comprehensive research university. It should be noted that throughout the “Dawkins Revolution” (Croucher et al 2013; see also Harman and Meek 1988; Meek 1991), the concept of the university was never defined, but inferred from size and associated functions. It took the establishment of Greenwich University on Norfolk Island off the coast of Queensland, and a degree mill for all matter and purpose, in 1998 to get the Commonwealth government to define what actually constituted an Australian university and leading to legislative action in 2002. This definition has been pivotal for the development of the university system as it defines a university demonstrating “a culture of sustained scholarship that informs teaching and learning in all fields in which courses are offered[;...] undertakes research that leads to the creation of new knowledge and original creative endeavor at least in those fields in which research Masters and PhDs or equivalent Research Doctorates are offered[;...] demonstrates commitment of teachers, researchers, course designers and assessors to free inquiry and the systematic advancement of knowledge[;...] [and] demonstrates governance, procedural rules, organizational structure, admission policies, financial arrangements and quality assurance processes which are underpinned by the values and goals of universities and which ensure the integrity of the institution’s academic programs.” (National Protocols 2007).

Not directly related to the structural reforms but of massive importance to the expansion of the system was the introduction of the Higher Education Contribution Scheme (HECS) as part of the Dawkins reform package. While it shifted the cost of higher education in part to the student through a significant contribution, it also reduced the financial barriers for students. As a deferred loan scheme, students would repay this loan via the Australian tax system when their income rose above the national average wage income. The argument for this was that at that income point they would be reaping the benefits of their degree and hence it was appropriate that they begin repaying. The impact of this reform on participation in higher education of the HECS scheme has been massive.

Equally important was the decade following the Dawkins reforms—not from the perspective of further institutional differentiation, but due to the implementation of the New Public Management ideology in tertiary education policy. This manifested itself in reduced Commonwealth support for the sector, combined with introducing the possibility for institutions to enroll full-fee paying international students. The impact of this policy decision was considerable, as was the response of the entire postsecondary sector, turning international education into an \$18 billion industry by 2016, second to iron ore and coal, and leading the services industries as an export product.

The third significant watershed moment in post-WWII postsecondary policy was the comprehensive review initiated by the Labour government in 2008 following an extended period of conservative coalition government. Commonly known as the Bradley Review (Bradley et al 2008), recommendations were made and implemented for a 40% participation rate resulting in a so-called uncapping of student places and the introduction of a demand-driven system. This basically implied universities could enroll as many students as they could attract and would obtain Commonwealth funding for them. Universities responded to this aggressively, resulting in a growth of student numbers by 140% over the period 2009-2014 (or 133,237 EFTSLs) compared to the period 2004-2009 (Larkins and Marshman 2016).

*Table 2: Enrollment growth*

<i>University enrollments over time</i>					
1975	1987	1999	2006	2010	2015
275,000	393,700	665,325	984,061	1,192,657	1,410,133
<i>VET enrollments over time (government funded training)</i>					
1981	1991	2001	2011	2015	
692,000	985,900	1,694,400	1,860,100	1,597,800	

Source: Higher Education Statistics Collection, Department of Education and Training, Canberra and Vocational Education Statistics Collection, National Centre for Vocational Education Research (NCVER), Adelaide.

The Bradley Review also recommended the abolition of the Australian Universities Quality Agency (AUQA) to be replaced with a national regulator that had “more teeth” and the integration of a seamless tertiary education system encompassing universities and VET. The later proved too much, leading to the subsequent creation of two new quality assurance agencies/regulators: the Tertiary Education Quality and Standards Agency (TEQSA) and the Australian Skills Quality Authority (ASQA) for VET.

#### DIFFERENTIATION IN VET: THE HALFWAY HOUSE

While the Commonwealth was driving and funding higher education, technical tertiary education remained almost totally within state jurisdiction until the 1970s. Some institutions were created by acts of parliament, some evolved from schools of mines and mechanics institutes, and many were driven by local community interests and benefactors. A number of reviews were conducted on how to further build this sector,

the most significant being the 1974 Kangan Report. In response to the report, the Commonwealth provided significant funding for TAFE including staff and curriculum development, physical infrastructure, labor market programs and apprenticeship support. This culminated in the 1990s with the Commonwealth, states and territories reaching an agreement to establish shared responsibility in areas that have become synonymous with TAFE in Australia: nationally recognized competency training, a central role for industry, the development of a more open training market with competition between public and private providers, and national governance bodies for TAFE and VET. In summary, this system can be described as “nationally directed, jurisdictionally implemented and industry-driven” (Atkinson and Stanwick 2016, p. 8). As such it is built around two complimentary approaches, namely training young people through an extensive apprenticeship and traineeship system, and providing skills to existing workers in the form of additional training, “upskilling” or reskilling (Atkinson and Stanwick 2016).

Coinciding with the introduction of open training markets was a related reform for state governments to move away from being the owner-provider of public TAFEs to being increasingly distant. At this time across Australia TAFEs became less the local one town/one suburb college, and progressively larger entities across geographical/metropolitan regions. The greater mingling of responsibilities between the states, territories and Commonwealth has been governed by a series of National Partnership Agreements. National reforms included the establishment of income contingent loans (VET FEE-HELP) allowing VET students to access loans for qualifications at the diploma and advanced diploma level, much along the lines of the original HECS for higher education. Beginning in Victoria in 2008, the states introduced reforms that allowed funding to follow the student, with TAFE becoming only one of many providers able to access government subsidies for the delivery of training services.

The establishment of the Australian Skills Quality Authority (ASQA) in 2011 shifted greater regulatory power from the states to the Commonwealth. The establishment of ASQA was partly in response to the rapid increase in providers, now working across state jurisdictions and concerns about the capacity of states to manage the number and type of providers. The effectiveness of ASQA has been subsequently called into question, being held responsible for many of the concerns about quality and the massive misuse of public funds following the opening up of the training market (see below). The reforms facilitated the rapid rise of private providers as major players in the delivery of vocational education and training, and the formation of new models of corporate private providers with a national reach.

#### A BRIEF REFLECTION ON SYSTEM DEVELOPMENTS AND CHANGE

At an aggregate level there is little doubt that Australia has constructed a highly successful postsecondary system that delivers quality to its various stakeholders. It has

catered to an increasingly mass clientele and has dealt admirably with the increased diversity of an ever-increasing student enrollment. Yet there are issues that warrant attention and, in some cases, significant policy action.

In relation to quality assurance, the newly established regulators for both sectors have had a rough start. The tertiary education regulator from the start has been under severe criticism for being overly bureaucratic, out of touch with the dynamics of the sector and inflexible. Although it appears that under new leadership it is changing direction to becoming more responsive.

The vocational sector regulator has proven to be fully unprepared for the massive task of regulating 4,000 plus providers in the context of a deregulated, competitive market. While the move to a competitive market has been driven by ideology at both the state and Commonwealth levels, market strategy has been largely absent. Assumed efficiencies have been subsumed in wasteful competition, with particularly negative effects for the TAFE institutions across the board. This has been further compounded by a policy fiasco that resulted from a poorly developed implementation of VET FEE-HELP policy. As summarized by Noonan (2016) the initial roll out of FEE-HELP for vocational courses was careful and prudent, opening non-subsidized and non-fee regulated courses to unscrupulous private providers to massively exploit the system. The scale of this was such that the regulator became completely overwhelmed. Notwithstanding closure of some colleges that were caught out with aggressive marketing, inappropriate targeting of vulnerable people, and widespread use of inducements (in Noonan 2016: 10) the overall cost to the public purse has been significant, both in the short and long term as many of the loans will never be paid back.

In terms of autonomy, there is a marked difference between universities and other public sector providers. Universities traditionally have been autonomous and self-accrediting organizations and still are. Yet the public TAFEs have remained branches of the state public service. While in Victoria this has been accompanied by increased autonomy and appropriate governance arrangements, in New South Wales, Queensland, South Australia and Western Australia an opposite development is taking place, creating state-controlled, state-wide institutions with a broad mission and little to no autonomy for the constituent parts. The effects of this remain to be seen, but the risk of not having agile, responsive and locally engaged institutions is real.

Finally, the university sector has been confronted with a policy vacuum following the introduction of the demand driven system. Originating from a neoliberal policy disaster to introduce full fee-deregulation, no subsequent higher education policies have been passed by the Senate and the existing policy is devoid of any vision or strategy, despite an overall focus on innovation by the current government.



THE MODERN AUSTRALIAN RESEARCH UNIVERSITY

Of the 40 Australian universities that exist today, 23 feature in the 2016 Academic Rankings of World Universities (ARWU). In terms of research intensity there is no denying that the Group of Eight universities, the oldest universities in the country, are the most research intensive, receiving the vast majority of public research funds. But there is a significant group of younger institutions that perform very well in terms of research productivity and outcomes.

Overall there is a strong focus on research performance throughout the sector, partly driven by uniform policy settings that induce this behavior, partly by the universities dependence on international students. The fact that over a quarter of Australian students are full-fee paying international students means that this is a very significant revenue stream for all universities. Rankings influence the choices made by these students and research productivity to a significant degree affects success in these rankings. Therefore, this focus is understandable even though research performance differs significantly across the sector as evidenced by the regular Excellence in Research for Australia evaluations undertaken by the Australian Research Council.

Like the British system, the Australian university system may be unified, but it also is significantly stratified with research performance the main driver. This stratification combined with the common acceptance that the idea of the university is a research university has prevented individual universities from presenting themselves as excellent teaching institutions, such as elite liberal arts colleges in the US. Many within the system regard this as an unanticipated consequence of the creation of the Unified National System, but there certainly is no appetite at this point to “unscramble that particular egg”.

The closest the Australian tertiary education system has come to a formulation of a comprehensive vision for what the system could be has been the 2008 Bradley Review. Yet vested interests at both the government and institutional levels have prevented this from ultimately taking shape. At the government level the continuing territorial fights between the Commonwealth and the states prevent this from happening. At the institutional level, fierce competition driven by notions of prestige and superiority equally prevent a rational debate on what the future of postsecondary education should look like. The result can best be described as a mixed bag of goodies that does not represent a well-designed system.

REFERENCES

- Atkinson, G. and Stanwick, J. (2016). *Trends in VET: policy and participation. Adelaide: NCVET. Australian Skills Quality Authority [ASQA].* (2015). Annual Report 2014-2015. Canberra: Commonwealth of Australia.

L. GOEDEGEBUURE, R.SCHUBERT & P. BENTLEY

- Bradley, D., Noonan, P., Nugent H., & Scales, B. (2008). *Review of Australian Higher Education*. Canberra: Commonwealth of Australia.
- Croucher, G., Marginson, S., Norton, A., & Wells, J. (Eds.). (2013). *The Dawkins revolution: 25 years on*. Melbourne: Melbourne University Press.
- Davies, S. (1989). *The Martin committee and the binary policy of higher education in Australia*. Surrey Hills: Ashwood House.
- Dawkins, J. S. (1988) *Higher education: A policy statement*. Canberra, Australia: Department of Employment, Education and Training.
- Goedegebuure, L. (1992). *Mergers in higher education: A comparative perspective*. Culemborg: Lemma.
- Goedegebuure, L., Hayden, M. & Meek, V.L. (2009). Good governance and Australian higher education: An analysis of a neoliberal decade. In J. Huisman (Ed.), *International Perspectives on the Governance of Higher Education; Alternative Frameworks for Coordination* (pp. 145-160). London: Routledge.
- Harman, G. and V. L. Meek (Eds.). (1988). *Australian higher education reconstructed? Analysis of the proposals and assumptions of the Dawkins Green Paper*. Armidale: University of New England.
- Higher Education: *A policy statement [White Paper]*. (1988). Canberra: Commonwealth of Australia.
- Kangan Report. (1974). *TAFE in Australia: Report on needs in technical and further education*. Canberra: Commonwealth of Australia.
- Larkins, F. & Marshman, I. (2016). *Financial performance of Australian universities in 2014*. Melbourne: LH Martin Institute.
- Martin Report. (1964). *Tertiary education in Australia: Report of the Committee on the Future of Tertiary Education in Australia to the Australian Universities Commission*. Canberra: Commonwealth of Australia.
- Meek, V.L. (1991). The transformation of Australian higher education from binary to unitary system. *Higher Education*, 21(4), 461-494.
- Ministerial Council on Education, Employment, Training and Youth Affairs. (2007). *National Protocols for Higher Education Approval Processes*. Canberra.
- NCVER. (2016). *Making sense of total VET activity: An initial market analysis*. Adelaide: NCVER.
- Noonan, P. (2016). *VET funding in Australia: Background, trends and future direction*. Melbourne: Mitchell Institute.
- Schubert, R., Bentley, P.J. & Goedegebuure, L. (2016). *Profiling institutional diversity across the Australian VET sector: Briefing*. Melbourne: LH Martin Institute.
- Tertiary Education Quality and Standards Authority [TEQSA]. (2016). *Statistics report on TEQSA registered higher education providers*. Canberra: Commonwealth of Australia.