

The Policy Pitch – *Higher Education outside of universities: a better option?* - Melbourne 24 June 2014

Australia has around 130 higher education providers outside the university system. They are a diverse group, ranging from large multinational companies to small theological colleges to the TAFEs now offering degrees. Together they enrol more than 70,000 students.

These numbers could increase significantly in the future. The Commonwealth Government has accepted a recommendation of David Kemp and Andrew Norton, in their review of the demand driven funding system, to expand eligibility for government-supported tuition subsidies. If this passes the Senate, many of the students currently paying full fees in non-university higher education providers will pay much less than they do now. Public universities will face new price competition as they consider what fees they will charge in a deregulated market.

This Grattan Institute/State Library of Victoria Policy Pitch explored the nature of the non-university higher education sector, the implications for it and its students of receiving Commonwealth tuition subsidies, and the consequences for the broader higher education system.

Speakers: **Andrew Norton**, Higher Education Program Director at Grattan Institute
 Mary Faraone, Chief Executive of Holmesglen Institute
 Jeannie Rea, National President of the National Tertiary Education Union (NTEU)
 Dr George Brown, Group Academic Director at Study Group (Australasia)

ANDREW NORTON: Hi, my name's Andrew Norton, I'm from the Grattan Institute and I'm here today to chair a Grattan *Policy Pitch* forum on the topic *Higher Education outside of universities: a better option*. The background to this forum is that Australia has about 130 higher education providers (HEPs) outside the university system, little-known but growing. Last year they had about 70,000 students out of a total system of about 1.2million students, so a fairly small section of the total, but a growing group. This year they've become of particular policy interest because of a review that I co-wrote with Dr David Kemp on the demand-driven system recommended that these providers be allowed to join the system of Commonwealth-supported places, the demand-driven system that other public universities are involved in. So what this would mean was that the students in these non-university HEPs who typically current pay full fees, would in future receive similar subsidies to students in the public universities.

Tonight we've got here three people with particular interests and expertise in this area. We've got Mary Faraone who is the Chief Executive of the Holmesglen Institute and has got extensive experience in the vocational education sector, and Holmesglen is now one of the former TAFEs provider higher education courses. Jeannie Rea here is a President of the National Tertiary Education Union, a former Deputy Dean at Victoria University and also with a history in the TAFE sector as well. George Brown is the Group Academic Director at Study Group Australia. He has held positions at

various HEPs and has been involved also in the Australian Learning & Teaching Council and the Australian University's Quality Agency.

Now the basic format is that the four of us will have a conversation, but towards the end there will be an opportunity for questions from the audience. We have a Twitter feed which is #GrattanPolicyPitch, which is also on the website, so you can feed your questions through to that and hopefully we'll be able to choose some of those and ask them of the panel.

I want to start with you Mary, can you tell us why TAFEs and other vocational institutes have decided to go into higher education and when did Holmesglen do it?

Mary Faraone: Holmesglen made a strategic decision in 2003 to pursue higher education for its students, and the main reason – and I can go back to a board discussion at that time – the main reason was to provide pathways for our students from vocational education areas. We were concerned about the pathways for our students and we wanted to try and optimise pathways into higher education for a lot of students that we got or we have at the Institute who would not normally go into higher education. So that was the main reason why we went into higher education. It was a very challenging path for us, it wasn't an easy road. Vocational education is very different from higher education. Everything about it is different: the language is different; the way it's funded is different. So it was a real learning curve for the Institute. And we have now been delivering since 2007. We are the largest provider of higher education programs here in Victoria when I compare ourselves to other TAFEs. We have about 1,200 EFSOL.

So it's still a small part of our total operations, it's only about 3% of total activity, but it's around 7% of our revenue and it's important strategically for us in where we want to grow as an institution. We started in 1982 as a very small vocational provider for the building and construction industry and we've grown now into a contemporary provider. We deliver school education, upper school education, certificates, diplomas and now Bachelor degrees, Graduate Diplomas, and we have a Masters approved for delivery in 2015. So we're a very different provider than what people I suppose envisage as a TAFE provider and, for us, it was a strategic decision about access for students, but also strategically for us as an organisation and where we want to be in the next five years.

ANDREW NORTON: Did you have the view that the public universities could not take your students because they often do accept former TAFE students?

MARY FARAONE: Look, we know that there are good pathways for TAFE students or vocational students into Bachelor programs at universities and we had a number of really good partnerships with universities who would take our students. But we also found that there were a lot of students who come to TAFE who enjoy the experience of the TAFE institute and would prefer and did prefer to stay with us for Bachelor programs.

ANDREW NORTON: George, you've worked for several private HEPs. Now, I know they're a pretty diverse group, but can you tell us about what kinds of students they attract and how the provider's experience they offer differs from universities?

GEORGE BROWN: There are quite a diverse range of students that come to us. Mature age adults I think have always been a fairly significant target group for private providers. Some of the providers that I know of and worked with and others have been created by demand by mature age adults who

are time poor and needed to attend an institution that was flexible and had support networks that they needed and more flexible hours, and also a more intense program for them that they could compress and move forward and balance also with other life commitments. So, provided they did work within Sydney, we had students who came to our college, Billy Blue College, and we also offered the same program with Swinburne University. And we actually did a little litmus test with them and said, "Why did you come to Billy Blue and not to Swinburne?" and they said, "Billy Blue's cool". That was their response, because they're designers and Billy Blue had brand recognition and it certainly wasn't the prestige of – the university imprimatur wasn't important to them; it was Billy Blue and the industry recognition.

So many private providers have come from industry for industry and responding to an industry need, similar to how TAFE has operated. There's one provider in Queensland which has a jazz music institute, only has a Bachelor of jazz music, and it survives and moves along and competes quite well within the sector and is providing a niche need to these certain types of people. So I think you'll find that it's been predominantly the mature adult learner has been the type of student that's come to a private provider.

ANDREW NORTON: What kinds of organisations establish these providers? What's the ownership structure typically?

GEORGE BROWN: It's very diverse. From one end of the spectrum they're what I term – and I don't mean to be demeaning – but they're the "mom and pop operations". So they've come from a couple getting down and saying, "Let's start this up. Let's start up a distance design college. We've got people and people have known about us, they're good in this area". And a lot of them have started from the VET sector because that's the only way you could get accredited in the early days, and then moved into higher education when higher education became regulated. So you've got to remember, private provision of education has been around for a long, long time in Australia, from the theology colleges right through to other different types of providers.

So, there are those and then there's those that have actually moved from being that their own provider have merged or by acquisition have gone into a larger group. So I know when I was with Think Education Group we actually approached a number of private providers that were operating and brought them under our umbrella and tried to create economies of scale for them so that they could actually concentrate on their core business, which is excellence in teaching and learning. And we took all the, what I term the "gumf" away from them, all the administration and the accreditation and all the back-end, the finance, the HR. And we found that worked very well. So, they're two main types that are out there.

ANDREW NORTON: Jeannie, can I go to you? One of the big differences between the universities and the non-university providers is typically the role of research. Fewer than 1% in students in the non-university providers are research students. Do you think this lack of research activity is a problem in a HEP?

JEANNIE REA: I don't think it's a problem per se, I think it becomes a problem when you're looking at the standing of the degrees and so on within the provider and ensuring that there is an equivalence across the system. And I think that's one of the advantages of our public university system is that people can move across the system quite readily because a degree from one of our public universities is valued in the same way. We might have a hierarchy in effect, but we still have the value

of the degrees and they're regulated in that way. So I know one of the big issues is between the focus on research and not on research, and it's one of the distinctions with the move into the higher education area by the TAFE colleges, like Holmesglen Institute. And it has been an issue. It has been a concern about whether the teaching programs will be as research-informed as they are in your traditional university set-up. But I also think that things have moved somewhat here too and I think as the programs have got established in their higher education area in the public institutions that we're starting to see the ways that they can work a bit more. And so I think there is quite a lot of scope there.

I mean, frankly a lot of our concern from the union's point of view about the initial movement in public institutions and the TAFE institutes into some of the higher education courses was not necessarily the issue about whether all the academics employed were very much a traditional academic; it was about ensuring the quality of the program and, of course, that the people working in it were being paid appropriate and had the appropriate conditions and had the appropriate opportunities to pursue further research and so on; people who were still working on PhDs under those sorts of conditions. And I think a lot's moved around those sorts of things and there's more of a recognition now that when we talk about the vexed issue of research active we're not saying every single person at all times is engaged in a traditional 40:40:20 set up, but that it is going to be that people will move around during their careers. And I suppose my concern as a unionist is about people having the opportunity to have a career and pursue that career.

ANDREW NORTON: Do you think people who've started their career in a non-university provider would struggle to get into a public university?

JEANNIE REA: Look, I'm afraid at the moment Andrew it's very hard to get a job in a public university anyway with any background. And so it would be very disappointing for people coming from a non-university provider who get stuck on the casual treadmill or the short term research treadmill too, and I would hope that wouldn't be the case. And I know plenty of people, in fact I've supervised and worked with people that work in the higher education courses in some of our public TAFE institutes and they've come through the public system and done their PhDs there, and then have moved into.

So I would expect and I would expect as the future develops people will move between these areas quite a lot. And we're finding also of course with general and professional staff are moving between the systems more now too, including between the private enterprises that George is talking about because I know I've worked alongside quite a lot of people who are doing that. And, again, from a unionist point of view, I find all that a good thing because I think people get the understanding and expectations of the career opportunities that should be there for them.

MARY FARAONE: Can I comment on the research component, because I've noticed in the period of time that we've been delivering higher education at Holmesglen a bit of a shift in peoples' attitude towards us as a non-university HEP in regards to research and the whole vexed question of research. So, initially when we were preparing degrees for accreditation, obviously they're accredited externally through TEQSA (Tertiary Education Quality & Standards Agency) and we would have panels come to visit us and there was always an issue in regards to research and what research the institute undertook. And we went to great pains to describe we don't do pure research, we will never do pure research, but we have developed a very sophisticated model of scholarship within the institute and scholarly practice and we've adopted a Boyer's model of scholarship. And for us it's worked very well and what I've seen over the last five years in particular is a real change in attitude from TEQSA and a

lot of the academics who come as part of the accreditation panels who now talk about scholarly practice and scholarship within the institute, as opposed to research. So, it's been quite interesting I think and part of it has been the general debate and discussion about non-university HEPs and their role in higher education.

JEANNIE REA: I'd agree with you Mary, because I think also that looking at what's been going on in the VET sector and it goes with the sorts of qualifications and backgrounds that people working in it are coming often with an applied research, sometimes a pure research, but come in with applied research. And, of course, they're getting grants to do research and not necessarily from the traditional NHMRC, ARC, but they are certainly getting them from similar places to that university researchers are getting grants as well and developing products and services and ideas and that's, of course, informing how they're teaching and how they're influencing their colleagues around them. And I think that's all very valuable.

I have had the advantage of working in TAFE, but when I was working as an academic I was at a dual sector institute. So just seeing how we increase the amount that we worked across the sectors further than establishing the pathways and the transition and the preparatory programs. But a lot of that working in and out and backwards and forwards and seeing that those easy steps, you know, you go, you do your certificate, you do your advanced, then you have an "is this going to be equivalent to a first year degree?" And I think we're getting passed and we need to get passed some of those "that's where we have the problem" moment, because I know my own experience when I was heading a school of creative arts was that we had people doing areas – which you're probably familiar with, George – some of those creative arts areas where people doing, say, digital media would have in their TAFE component of their course been doing quite high-level stuff at this end which could be equivalent to higher than first year level. So actually crafting how you're structure the course and the program and what would get credit for what I think has become – and properly so – much more complicated.

MARY FARAONE: We have a group of 15 staff going through a professional doctorate with the University of Canberra, so as a group. We support higher education in our staff, but a good example of research that we would like to support in the future is we are negotiating with Healthscope which is going to build a private hospital on our Moorabbin Campus. Moorabbin Campus is the site of our health sciences area and so we want to build it as a health science precinct. And part of the lease agreement with the hospital is we're going to have an education agreement and part of the education agreement is a joint funding of a clinical chair in nursing and that clinical chair will then undertake research, so with the private hospital and ourselves. So it's a different way of looking at research I think and it's an evolving – I think it is evolving and it's really quite excited to be in the sector this time.

ANDREW NORTON: George, do you have experience of that?

GEORGE BROWN: Yes, I do. I guess at another level is that private providers, traditionally when they've started up, they've been criticised that they don't have enough full-time equivalent staff on faculty etc. And as we've moved through we've actually noticed that we actually need more sessionals because we want them to be very, very industry-relevant and totally au fait with their areas. So the challenge that some private providers have is maintaining that industry excellence and linkage and "the credibility at the chalk face", we call it, with the students, keeping them engaged; but also the balance between the scholarly endeavours which are required under TEQSA but also we support and fund through our provisions. So we've had to defend that position for quite some time, is

that no, we actually don't want to have full-time faculty on. I know within TAFE sometimes it's difficult under your award conditions to have that flexibility to return to industry and all those sort of things that used to be within TAFE, I don't if they are anymore. But we require our facilitators to always be sessional and to maintain that link with industry.

MARY FARAONE: I think that's a real dilemma for us as well because a lot of the degrees we've developed, like you, in private provider provision we wanted to do it linked to industry and apply the industry focus. And so it's a dilemma in staffing for the delivery of degrees ensuring that you have got that industry relevance and currency with the academic currency as well and also the qualifications.

GEORGE BROWN: The Masters, the qualifications that go with it etc.

MARY FARAONE: So it is a real dilemma I think for providers who are looking at having much more of an industry focus in their degrees.

JEANNIE REA: But I think you find if you just look back in history even, particularly in the professional degrees across the medical fields, clearly in law, clearly across business, across many areas, the professionally-accredited areas, you've always had to have people who kept up with the industry and they have to maintain their –

GEORGE BROWN: That maintain their current competence because of their regulatory requirements.

JEANNIE REA: Yes, and in many cases, like psychologists, they have to actually be practicing and so on. So that's not something that's new and that has appeared of late. Our criticism has been that there's been too much of a tendency just to go for sessionalising or casualising where more traditionally those appointments may have been joint appointments, like you're talking about with the nursing at the moment, and those sorts of appointments where you do have some continuity. Because our criticism from a union perspective is if you've got somebody coming back every semester doing exactly the same sort of work and that has become part of their career; it's very different if someone's coming in as a specialist and doing their occasional lecture here and there.

GEORGE BROWN: Or a guest lecturer or something like that?

JEANNIE REA: Exactly, or even one module. I know in programs I've taught, like in public relations and so on, we've done that sort of thing. But when it's a regular thing and people are reliant on that as it's their career, what they want to do, and they also need an income that's sustainable so they can do all the ordinary things people like to do, like borrowing money and buying houses and the like, if they can possibly afford it. So that's why we've been advocating a lot for the part-time appointment where that fits there, but smaller level, they mightn't even be all year, but to find some ways of giving people some more job security. Because I think it's that lack of any job security that also means that you'll have some terrific people but you won't get them next time because they've gone somewhere else or they've got another opportunity to do something different. And our concern is the number of people moving out of teaching in higher education and in vocational education because it's just not financially viable or as rewarding as it should be.

ANDREW NORTON: Let's talk briefly about pathway colleges. This was an issue that really came up in the demand-driver review. Pathway colleges can do various things. Sometimes they don't award degrees, but we were looking at ones that award diplomas after one year, usually with a very close

relationship with a target university where their students go into second year after successful completion of diploma. The reason this became very important in the review was that it was clear that students entering on eight hours below 60 were having quite high non-completion rates if they went straight into a Bachelor degree, and therefore this was looking like quite a high-risk option. And clearly the numbers of students entering on these eight hours was going up under the demand-driven system.

I know Study Group does some of this work. George, are you able to talk about the origins of these and what potential you think they've got to be a new starting point for some students?

GEORGE BROWN: Yes. I worked briefly for Navitas, so I can probably talk to that because I haven't started with Study Group yet, but I can certainly talk to my Navitas experience in that. I think the private providers are nimble to market and have a very strong brand presence; they're very clear in what they stand for and what they can bring to a potential student. So I think the pathway college, and especially the Navitas model, is quite unique in that it sort of softens the blow for a student to move that way into – that type of student that may see the university being out of reach for them, and yet the pathway college can offer that. My experience with Navitas was that the university lecturers were teaching them the programs, so the university partner would actually have those staff come in and teach the curriculum, their normal subject that they would do with their other students, but offer it in a slower pace, so there'd actually be more tutorials within there and other things like that.

So there's that and also the pastoral care that goes along with that. The support outside of the classroom is so important for these types of students, also with overseas students, coming to a brand new country and needing to acclimatise themselves and come into this new realm of what they're doing. We also found domestic students coming into the pathway program were really in need of that sort of one-on-one intimate care and obviously that comes with a cost involved at a premium. So I think you'll find that colleges like Navitas and Study Group are very good at providing that sort of introductory approach into the world of university. I mean, it surprised me why the universities didn't think of doing it themselves a long time ago, but they chose to partner with private providers which is a good thing.

JEANNIE REA: I'd suggest that in a number of places the universities were doing that and indeed the people that then have moved over and have been teaching at Navitas were doing pretty much the same thing in the universities. Unfortunately, I just can't agree with you on that this needs to be done from the Navitas-type model because in many cases universities were doing exactly these sorts of things. Sometimes they needed some tweaking and some work with them, but indeed why universities turned it over to Navitas and others have been because of the lack of funding. And so it has moved out of their orbit and so the Navitas moving in or other providers – and I've got no criticism of the teaching programs and so on and, indeed, the quality of the staff - but the capacity to be able to offer the students the amount of support they need and so on has just become more and more difficult in the universities. So have Navitas come in, Navitas is a for-profit company, it makes an enormous profit to the shareholders, which is its purpose, and from my perspective I just can't see the reason why that should be being done with a for-profit company rather than it being done within the university system or the TAFE system, but in the public system. And, indeed, I'd argue universities have an obligation to do that as part of their public requirements.

It saddens me that there's been this division and the moving of people out. And I suppose the other thing that concerns me about it – and having recently read Navitas' last annual report – is that part of

the focus is on, “Well, we can do it cheaper and how we can do it cheaper is by offering people less secure jobs and offer them a wage rate which they’ll then get a bonus depending on the profitability of the year” and those sorts of things. And as I’ve said before, I just don’t think that’s the way to go. I think that people should have more security and if they do a good job they should get paid the rate; it shouldn’t be a matter of how the overall company’s performing.

MARY FARAONE: Can I comment on sub-degrees? I think they have a place and they’ve worked very well obviously, for the reasons that you’ve both outlined, in that they provide support for students coming into Bachelor programs with a low ATAR. My concern with them and the sub-degree places being expanded – we’ve discussed this previously Andrew in our submission as well – is that I’m fearful about the impact on vocational diplomas and advanced diplomas. And I worry that a lot of providers may choose to develop higher education diplomas and advanced diplomas and the impact that may have on vocational diplomas and advanced diplomas, and what the implications of that may be in a funding scenario at the state levels in funding vocational diplomas, and what then is a vocational diploma?

So I think there are bigger questions in the sub-degree places. I think they do a great job and I’m not taking away the value of what they do and the purpose of it. I think there are broader implications for the education sector and, in particular, the vocational sector.

JEANNIE REA: I think because we’re from Victoria and we’ve seen what’s happened with introducing the condensability in VET here and all the things that have done very badly out of it and how it has actually undermined the integrity of the TAFE system by the cherry-picking of things out; by people setting up outfits that are just chasing the dollar; and people getting qualifications that there’s no use for; and, of course, people not getting the skills to get the jobs where we do need people. And, of course, also not reaching the very people that are already under-represented and the whole notion of seeing the tumbleweeds going down the roads of country towns where their TAFE institutions have been lost and so on, with nothing to replace them. There’s clearly a model there which I think everybody says has not worked and it does take us to the how you regulate and how you actually manage to keep hold of these things.

MARY FARAONE: But it does raise the bigger question of what is a vocational diploma and is there a job at the end of it?

JEANNIE REA: I agree, yes.

MARY FARAONE: And do we want every person, every student to go into higher education? Obviously it’s aspirational and a lot of students will want to do it and they should do it and, for some, they will do it out of aspiration; they may not succeed. But there are a lot of people out there that we need in the vocational area for skilling the nation and I worry a bit about where the sub-degrees will lead us in the future.

ANDREW NORTON: This was an issue we had to grapple with in the demand-driven review, though at the time it was mainly from the perspective of the Commonwealth government that was worried about what it called “cost shifting”. So the previous government had actually capped the number of sub-Bachelor courses because it was worried that it would end up paying the students who are currently subsidised by the states. What we found though from research was that there were a significant minority of diploma students who were not working in the occupations which they had

trained and were moving on to higher education, but finding that they were underprepared for higher education; getting less credit for what they had already done, and therefore the whole process of getting their ultimate goal of a Bachelor degree was taking more time and money than it needed to do. And it seemed to us to be more efficient if they started a higher education diploma which would actually give them the intellectual skills they needed to continue and would give them full credit for the work they had already done.

MARY FARAONE: That does raise the question that there's then no job outcome for vocational diploma students.

ANDREW NORTON: I think it just means that HEP market needs to be clear about which diploma students are actually aiming for that particular job and if they are they should do the vocational diploma. But if what they really want is a Bachelor degree they probably should think pretty carefully about doing the higher education one.

JEANNIE REA: Yes, I agree with you in that and I think what we need to have is be more sophisticated about the way that you can move between the levels and whether it's targeted as vocational or higher education. And that's what will complicate the expansion to the sub-degrees pretty quickly down the road, but I think the expansion to the sub-degrees in public institutions is probably the way that we need to go at the moment and I think that arbitrary cutting off of it I don't think was productive.

But I do agree with Mary on that with the focus on the higher degree programs and with things in the Victorian context, that sort of gutting out of so much of the TAFE has been that we have lost a whole lot of areas and a whole lot of those transitional programs, and a lot of those fairly sophisticated ways of holding onto students in the system, holding them in the system. And I know at Victoria University, where I've worked for 20 years, that getting a student in at whatever level, including the mature age students, and being able to craft their particular way through was what was so valuable and so important, so that they do have a job outcome and they also have the satisfaction of the qualifications and all the learning that comes with that.

ANDREW NORTON: Mary, do you think it's difficult for students, who should realistically be choosing between vocation and higher education, to get the information they need? Because one thing we decided was that within higher education, to a lesser extent within vocational education, there is an increasing amount of information about choices within the sector, but not much information if you're trying to choose between the sectors. Do you think that's a gap in what we've got in the market?

MARY FARAONE: It probably is and I suppose made more so by providers such as ourselves that are straddling the sectors as well. So, I started in the opening by saying that we consider ourselves a contemporary tertiary provider with not a name as such at the moment, but for many students we're still the local TAFE provider and they come to the local TAFE. But I think you probably raise an important issue about how students do choose between the sectors and whether or not there is enough information about it. And I suppose what we've tried to do in becoming a different type of provider is that we've blurred the lines about the sectors completely and I wonder if that really is the answer, that there is such a blurred line that you don't get to choose; you choose a provider that gives you what you want as opposed to going to a VET provider or a HEP. And so you go and choose the course and the way that you want to do it, and it doesn't really matter whether it's the TAFE or the university. I just wonder if we're getting to that point.

JEANNIE REA: I think that's what helps Mary doesn't it when you come into a more comprehensive institution, because you're able to move around a little more, which worries me a little about what some of the providers which are so specialised that you get trapped in somewhere; you've paid your money and got stuck in there and you won't be able to move round. I would hope there is some capacity made to be able to make that movement and carry credit around and so on, but I worry –

GEORGE BROWN: There's lots of movement –

JEANNIE REA: I do know that there's lots of movement.

GEORGE BROWN: Unfortunately, only in the private sector. Unfortunately there is still a significant snobbery between the private and the public sector with regards to credit transfer. The number of questions I'd field from universities who'd ring with admission stuff and say, "What is this college and where did this degree come from?" I'd say, "Well, have a look on the AQF Register" – but anyway, the amount of time I spent doing that. So it's unfortunate that our students become disenchanted with the credit options moving forward, so that's why I know within the Think Education Group we provided a range of pathway options for students and under fee help, students are not locked into anything. They can exit after a semester certainly and carry their credit forward. It's just recognition in the eye of the beholder.

JEANNIE REA: And knowing what they're doing and I think one of the thing that worries me is we're already in a very competitive environment between institutions, that it'll just become more competitive. And with students already not knowing enough about the system to make the right choices and without being able to get good advice, then it worries me in a very market-driven environment is that with people out basically, to be frank, touting for business whether people are properly informed and so on. I know looking to the US system it's at a particularly horrific level of the ways that the marketing to students, particularly mature age students and people without much experience in the education system, and the sorts of things that some of them get away with, particularly in the for-profit sector there, marketing to lower income people, to veterans; anyone who can get access to some money largely from the government and then getting them into courses that they don't come out of well. I was just reading just to be horrified the recent Senate report in the US on the for-profit providers' expansion over the last fairly recent period and I would hope we go nowhere near going down that line. There isn't a tradition of it in Australia and I just hope that we regulate and it won't be acceptable in Australia to behave in the ways that some of those outfits behave.

GEORGE BROWN: I think you're absolutely right. We would not condone at all that sort of behaviour. I mean, the point is that there needs to be far more transparent information on choices for students. Some of the Go8 marketing materials are absolutely stunning, the cloisters and the sandstones, all those sorts of thing, but when reality bites the amount of stories I've had from students that say, "Wasn't good enough, want to come to you". So there are horses for courses.

JEANNIE REA: Everybody's got some students sitting around.

GEORGE BROWN: That's right, yes. It looks fantastic, but the reality is that sometimes it doesn't come through. But there does need to be a lot more work done at that front end I think in information provision, and I think the recommendation from the report, especially getting rid of the word "my university" and say "my HEP" perhaps or something like that.

ANDREW NORTON: Well, the government's name is QILT: Quality Indicators for Learning & Teaching. I'm not sure whether this will take off, but hopefully the website will be more helpful than "My University".

GEORGE BROWN: Yes.

MARY FARAONE: Was your question more about the choice of university versus a HEP or was it about the choice about, "Should I do a vocational diploma or should I go into a Bachelor of Business?"

ANDREW NORTON: That's really that's what it was. I think both of these are very important, but I think there's a group of students who are not clearly ideally suited to either of them and could do both.

MARY FARAONE: Yes, I agree.

ANDREW NORTON: And I think at the moment, that group is not particularly well-served by the publically available information.

GEORGE BROWN: Yes.

MARY FARAONE: No they're not, but probably going into individual institutes they are because at that point they're assessed, especially one like ourselves that has diplomas as well as the Bachelor programs and we will try and put people into what suits them. But people have individual aspirations and a lot of young peoples' aspiration is to do a Bachelor program. And it's their parents' aspirations as well.

GEORGE BROWN: Yes.

JEANNIE REA: But I think I've found, because of being in a dual sector, it was not uncommon for students because of often a parental aspiration too of students then at the end of a first year people moving and going, "You'd be better off doing..."

MARY FARAONE: Absolutely, yes.

JEANNIE REA: You didn't even want to go into this field, now go and do the diploma and then you might be able to transition into a degree in a totally different field" but that of course happens with people going into the universities doing degrees too. There is quite a bit of movement around and that movement's more possible now as well. I think all those things are really worthwhile and really valuable and that we can hold on to that capacity to move around and to take that credit and get good advice, of course, is most important.

ANDREW NORTON: The conversation has been circling around the issue of quality and we've also got a question from Twitter: how do we as students evaluate the quality of courses such as Holmesglen's? I was wondering Mary if you could go from the start, what is the process that Holmesglen actually goes through before it can offer any courses at all?

MARY FARAONE: It's a very long process and a very rigorous process. We are externally accredited through TEQSA on two levels. So we are registered firstly as a HEP, so that's one level, and then each Bachelor program or each course that we put up is put up for accreditation, so it's an external accreditation. So it's a very rigorous process, there's lots of documentation, and then there's normally

a site visit with academics from other organisations who come and will visit the institute for a day or two days and interview students, staff, look at the facilities, and then will assess the application based on the documentation and the site visit. The process has taken up to 18 months in duration. TEQSA, to their credit, have reduced that time and I know they've had lots of work as well, so it's about eight months now. So it's a costly process, it's a very rigorous process and I've said many times that we are quite happy as a HEP to work through external accreditation because it provides our institute, our staff but also our students with that added stamp of approval, I suppose, in regards to the quality of what we are providing.

So that's the process before we get to actually delivering the program. The delivery then of the program we have to ensure that we've got the right staff and that, again, is part of the accreditation process. So we have to fulfil the requirements for regulatory purposes and accreditation purposes. So it's a very long process to get a program up and then the delivery of the program. And then, of course, from the delivery perspective, we have our own internal quality management system that we apply not only to our higher education programs, but to all our programs at the institute.

JEANNIE REA: And for those degrees which lead to a profession, you'd have to have a whole accreditation and registration there too and maintain that too.

MARY FARAONE: Of course. So with nursing there's an additional accreditation process, but I believe they're looking at having one integrated with TEQSA. And then there are external ones through accounting organisations and the building and construction organisations. So it's a very rigorous process, from a quality perspective.

GEORGE BROWN: I've workshopped with our senior management team at a provider I was at looking at saying, "Right, let's become a university". The CEO came to me and said, "Let's become a university" Oh okay, yes, let's do it. Well, they had the money to do it and they had everything that was needed to do it. So we workshopped it and went through it. At the end of the three days we came out and said no, said, firstly, we don't want to look like that and actually be constrained to be under a university banner; but also it was the external accreditation, the external imprimatur that came from an independent body that gave the stamp of approval. It was very, very important for our stakeholders and it makes sense. So didn't even look at self-accrediting status. So there's another stage, you're either self-accrediting or become a university and you need to go through those steps sequentially.

MARY FARAONE: We will look at self-accrediting probably from the point of view of time and the time taken for the accreditation process, but also I think it is a status issue for us as well that we would like to be self-accrediting. But it's still under the guise of TEQSA, so it has been important for us and I think we can assure students that the quality of the program that is accredited is equivalent to a university program.

GEORGE BROWN: But I think the point of that question is that there are no real external reference points for the students to make that decision, and that's the real problem.

MARY FARAONE: I agree.

GEORGE BROWN: Our graduates that graduate with an AQF logo on their parchment, but that's at the end. We're at the start, it's whether the students understand that this qualification they're pursuing

is actually equally both legally equivalent and also quality equivalent to that being offered in the university sector.

JEANNIE REA: And allowing for that there are differences amongst the universities too and students will make their decisions of what sort of university. You know, they might want to become a nurse but they will then be trying to find out which university suits them in terms of who the student cohorts are, what the focus and where they do their practice, and a whole load of those sorts of things; whether they like the big environment or a more intimate one. And so having the good information on that and of course the reality is that most students rely upon others telling them, family, friends. We still know that's how people find out. Advisors in schools still have an enormous amount of influence, but I don't know whether the marketing pages work that much in the end. I think a whole lot more social networking works a whole lot more, but that doesn't necessarily mean you get accurate information does it? And that's the thing about having the open demand system was – and I think you've remarked on this, Andrew – that 18 year olds aren't the best determinants of where the jobs are going to be in the future and what's the best choice for them. So giving them more to arm themselves with them making those choices is important.

GEORGE BROWN: Absolutely.

MARY FARAONE: But, for example, at Holmesglen, say 50% of the students in the Bachelor programs would come from the vocational programs. So they've made the decision to stay at the institute for a number of reasons, one of them is that they like the institute, the fact that they're small classes, they're comfortable with the institute. Now, that's their own personal choice about that. Is it a choice about the quality of the program? Well, it probably is to a certain extent even though they're not in the program yet, but they know about the quality of the vocational programs so they make then a decision on the quality of the higher education program based on their experience.

Other students choose because of reputation in regard to particular programs, so our nursing program has got a very good reputation because of graduate outcomes and the industry links them now with the hospital coming to the Moorabbin campus. So that has got particular focus and that students are attracted to. Other programs students are attracted to the course itself because it's a little bit different, so we've got a sports media course; it's quite different to a lot of other programs that universities are running. So I suppose the answer is a bit of everything is why students choose and how they choose particularly providers, in the same way, George, you were saying about the other one, that it's cool.

GEORGE BROWN: That's right.

MARY FARAONE: You know, "I went there because it was cool".

ANDREW NORTON: Jeannie, do you think this process of TEQSA looking at institutions and at courses is robust enough for a demand-driven system which includes everyone?

JEANNIE REA: If we're going to go down that route, I hope it's going to be robust enough to do that. I worry about it a lot, about whether bad and unfortunate things will happen and students will get lost and do their dough as well as their futures and aspirations before something's caught up with. That concerns me. So, I'm not clear about the capacity to regulate a much more competitive and market-driven system and I suppose my view is that I don't see that we actually need to go down that road either. So my answer is both in terms of I don't really see the purpose in doing so, but I also am

concerned about the capacity of TEQSA to do that; TEQSA having had the regulatory and the assurance role as well. Putting all the eggs into the regulator basket, it's a bit of an unknown field really, isn't it?

ANDREW NORTON: So what's happened is that TEQSA's got two jobs. One is essentially to say "You've met minimum standards" and the other was to look at more broad quality assurance issues. There have been a lot of complaints around TEQSA being too intrusive and one of the things the government's done is remove the quality assurance part, so there are fewer enquiries going out to universities and non-university providers. But what do we think about this loss of a quality assurance part of it?

JEANNIE REA: Oh, it concerns me a lot. I thought one of the things in the TEQSA set-up which was a development from the previous one was that capacity for somebody or some institution to alert that there looks like there's a problem and they could go in and check that out and seek it out and find if there was a problem, get the thing now, fix that up and without damaging the reputation or for the students as well in the courses. And I thought some of those sorts of things I think are really good to deal with whoever's in the system. So it does worry me taking out the quality assurance. We have a lot of criticisms about the way quality's measured and those sorts of things, but I think people with a passion and who work in the post-secondary education area have an idea of what is quality and what isn't and what doesn't work, and people are pretty vocal about it. So I think there is a concern about the capacity to hold onto the system and hold it all in.

ANDREW NORTON: Do you agree with that George?

GEORGE BROWN: I do. I think if we cast our minds back to 2000 when the National Protocol was enacted and written up and then each state had to write them in, and then also there was the creation of AUQA. Finally Australia had an external body who was actually watching what was going on within only universities and it was only private providers who were fee held. So there was still this other whole section that wasn't being reviewed and so we certainly had concerns from our end. Historically thus far, touch wood, not one private HEP in Australia has gone through the hoop and had issues. That's the VET sector, which has its place. But it is a concern.

When AUQA morphed and a lot of the staff moved over from AUQA into TEQSA we were certainly concerned at where the quality aspect has gone. The AUQA process had great merits. It was a very incisive internally-driven – you built scale of quality internally through the AUQA process; you empowered everyone within the organisation. It was quite an exciting process going through and creating your portfolio and then you'd sit back and you'd see this beautiful book sitting there about your history and where you've come. The unfortunate reality now is we're dealing with the "C" word all the time, and it's compliance, compliance, compliance, which has negative connotations all the time and it's not an inspiring situation to be in. It's almost what's happened within the VET sector which we don't want to see happen.

But TEQSA's got it right. I sit on the Risk Advisory Committee and the Risk Framework that's been created, as you know it's been scaled back and it's really now honed and focused. And the Risk Indicators are useful and I think are the first informant for TEQSA to go into and look at an organisation and say, "Right, we need to focus here and there". The thematic review I know that went with offshore provision I know we found very useful because I worked for a provider that was totally offshore. But I thought those thematic reviews were important because TEQSA started without any

information whatsoever, clean slate. The state regulators, some chose to give information over. I know Western Australia didn't give TEQSA any information whatsoever. So they were yearning for information about these private providers particularly and where they stood, what they were and if they weren't a fee held provider, didn't know anything about them at all really.

ANDREW NORTON: Let's assume that the demand-driven system is extended, what do we think is going to happen? Is there going to be a big shift to non-university providers or will it be intensely competitive and the public universities will hold their ground? What do we think?

MARY FARAONE: Do you mean from a student numbers perspective?

ANDREW NORTON: Student numbers point of view.

GEORGE BROWN: I was going to say firstly, I don't see there'll be a rush to become a HEP. If there is, the barrier is there. TEQSA, the threshold standards are there, they're appropriate. To become a HEP is a privilege and something that we should hold in high esteem and protect those within the sector. So I know we would certainly support maintaining those standards and knowing that there is not going to be a rush of providers to take advantage of this new system.

ANDREW NORTON: But do you think there is latent demand out there for a different kind of higher education which is currently being not met because the public universities are cheaper and more will go to non-university providers if the prices are more similar?

MARY FARAONE: I think it's an interesting question and I'm not sure that we know the answer at this stage. I'm hopeful, depending on what the group coming up with the pricing comes up with. I think that will determine whether a lot of HEPs actually opt into the Commonwealth-support places. So that's one thing.

GEORGE BROWN: That's right.

MARY FARAONE: I think secondly, it is good for our students and it helps the diversity of providers in that students can come to Holmesglen or to Study Group or to Melbourne University or wherever, and have access to a Commonwealth-supported place. I think that's a really great system, it's fair, it's equitable, it provides great access. I suppose essentially it comes down to the question that someone tweeted in: what are the reasons that they would go to Study Group as opposed to Holmesglen as opposed to Deakin as opposed to Swinburne? It comes down to those sorts of decisions that students make. And we have a couple of programs in nursing and early childhood education that currently have Commonwealth-supported places and we have occasions where parents have advised their child to take up an offer from a university for the same place that they have had at Holmesglen, this maybe into the second or third year.

So there's still a lot of status issues in regards to university versus HEP and I think in many respects universities will maintain that ground. It is about how the HEPs provide the diversity and I think that's the really important aspect behind all this, because that was why you recommended the expansion was to provide greater diversity. So it's really up to us I think as providers now to ensure that we provide that diversity for students; that we don't become more of the same; that we're not just another university in another guise. And I think that's the really important thing for us to grapple with now, for us, as a TAFE morphing into a different type of provider and probably the same for a lot of private

providers: how do you differentiate what you offer and provide diversity to the sector, but also great choice for students?

JEANNIE REA: I think what we're avoiding here is one of the big issue which is that we've been talking about the extension of the Commonwealth-supported places, but the big issue is the value of the Commonwealth-supported place and the government contribution.

MARY FARAONE: I agree, yes.

JEANNIE REA: And so that cut in the government contribution and then basically telling whatever provider it is to make up the rest of it yourself and the amount that degrees will increase in cost, the amount that students will be expected to pay and will need to pay, and there's been a lot of modelling across the system. But I think the general consensus is pretty much that it's going to cost a whole lot more and if we add – which isn't part of our discussion at the moment – needing to pay back at the Commonwealth Bond Rate of a loan; so all those things are going to make it cost more and I think the issue of the cost does matter in this discussion because it may well be the determinant of what people do choose to do. And I am very concerned that we will have a split between those places that can compete on high cost because of reputation and, indeed, the resources that they have already, and those that will actually start competing at a lower price and what they can then offer to the students so they successfully complete at a lower price. Because getting in is one thing; it is actually getting out successfully at the end with a qualification.

And so much of what we look in the poor examples from overseas is the students go into a course, they take out loans and they don't complete and there is the issue that they complete and have a poor degree, but if we're hoping our regulation works we still have the thing that students come out of it without having completed for the various reasons, because there is a lot of attrition that's outside of the student's control often or their families. We're going to have more and more of our students are going to be adults, so we tend to focus on the school leaver market when the reality is that more and more across the system are people entering higher education for the first time or returning to it because they will need to work longer and where they're working in their job's finished; and just peoples' aspirations as more and more jobs do expect a degree despite all the many things which a vocational qualification will take them into. So I think the costing issue is a problem there.

ANDREW NORTON: We're nearly out of time unfortunately and cost is the big contemporary issue in Australian higher education. We did deliberately decide not to deal with the huge issue of deregulated fees because it's had a lot of attention and we wanted to put the focus on something which is interesting and new in this particular debate. I'd really like to thank Mary, Jeannie and George for their contribution to this. I think it's been a very stimulating discussion. I've been studying this area, I've learned things and I hope other people who've been watching did too. So thank you and goodbye.

END OF RECORDING