Credit: Will money talk?

The stakes in credit transfer between the vocational education and training and higher education sectors have all of a sudden become much higher, and are now potentially worth a lot of money to VET providers and possibly to private higher education providers. This means the risks have also risen.

The Department of Education, Employment and Workplace Relations have released Draft guidelines for VET Fee-HELP, which is an income-contingent loans scheme for full fee paying VET diplomas advanced diplomas, graduate certificates and graduate diplomas similar to Fee-HELP in higher education. The DEEWR Guidelines specify the requirements VET providers must meet for students to access VET Fee-HELP.

Fee-HELP will be available only for full fee VET programs and not publicly funded programs. There is no corollary to HECS for publicly funded VET provision, even though the VET fees can be more than $1000 in some states. This means that publicly funded VET high level programs have a higher initial cost barrier than full fee paying VET, which is ultimately more expensive. Consequently, students will move to full fee programs so they can access income contingent loans, and TAFEs will have to offer full fee programs so they can compete with private providers and to respond to government pressure to make profits. This is inequitable, and will result in a two-tiered VET system with publicly funded provision concentrated in lower level qualifications and private provision in higher level qualifications.

A further requirement is that Fee-HELP will be available only for diplomas and advanced diplomas that have a specified level of credit in a degree, and any level below these guidelines will need to be justified before the VET registered training provider (RTO) can be designated as an approved VET Fee-HELP provider. In essence, a VET diploma is regarded as equivalent to one year of a degree, so that VET diploma graduates will be provided with 33% credit towards a 3 year bachelor degree, with commensurable credit for 4 year degrees and more for advanced diplomas.

These guidelines are based on the Australian Qualifications Framework National Guidelines on Cross-Sector Qualifications Linkages which are in turn based on a joint project by the Australian Vice-Chancellors’ Committee and the Australian National Training Authority. The project was initiated 1998, one year after the introduction of competency-based training packages as the mandated form of qualifications in VET in 1997. It was undertaken in 1999 and the report was published in 2000.

One of the purposes of the project was to address concerns that training packages were a poor basis for articulating to HE because they inadequately specify underpinning (and disciplinary) knowledge. Clearly, the strategies
outlined in the project have not been successful, otherwise government would not feel it necessary to try to increase levels of credit transfer by hijacking a policy on income-contingent loans that is putatively meant to reduce financial barriers to undertaking education.

Things have changed since the cross-sector qualifications project was undertaken. At that time training packages were only a minority of provision, now they are the majority. Before the introduction of training packages a VET diploma generally took two years and was based on approximately 1400 hours direct provision. Many diplomas are now delivered in one year and are based on approximately 1000 hours of provision or less.

More alarming is the fact that some diplomas are offered as six month (or even less) ‘intensive’ programs, with the ‘intensity’ a consequence of the numbers of hours students are putatively meant to study, rather than the number of hours of provision that the RTO provides. This seems to be a feature of full fee diplomas in ‘markets’ whereby providers offer ‘more for less’ so they can increase their market share.

The consequence is that VET articulators may be able to complete a degree in two and a half years if their time in VET is taken into account. Not only is this inequitable, it also puts students at risk by providing them with inadequate preparation to study at HE, and is thus against their long-term interests.

The Guidelines have the potential to result in questionable business partnerships based on maximising credit. Many universities are also VET providers, either directly or through commercial subsidiaries. They have a clear financial interest in granting the required amounts of credit for qualifications offered by their subsidiaries.

Other VET providers will place enormous pressure on universities to develop the credit transfer arrangements they need to ensure their programs are Fee-HELP eligible. It is possible to envisage VET providers threatening universities with legal action because they have not been provided with the same level of credit as the university’s own or other VET providers.

Agreed credit must be between a VET provider and a HE provider, which includes private HE providers. Many private providers are both VET and HE providers so they will have no trouble in making arrangements for credit transfer for degrees – degrees which they also offer.

Dual sector universities have a different financial pressure to maximise their public funding and thus minimise the amount of credit they grant to transferring students. Moreover, the logic of relations between the sectors at the dual-sectors means arguments for greater articulation must be constantly
won, rewon, publicly defended and scrutinised because ‘Fortress TAFE’ and ‘Oxbridge down under’ take a principled stand against the other sector.

A final requirement is that the RTO must be incorporated. TAFE is incorporated in some but not all states, and they will lose students to private providers unless they become corporatised. This is a gift to private providers at the expense of the public TAFE system. There is no logic in this requirement because TAFEs are already required to meet compliance requirements in offering full fee programs and they are registered as providers on the Commonwealth Register of Institutions and Courses for Overseas Students (CRICOS), and so must meet all the CRICOS quality and risk requirements. It seems that VET Fee-HELP is being used to achieve other policy objectives which cast TAFE as unresponsive and in need of a good disciplining from the market.

All students undertaking VET, public and private, should be able to access income-contingent loans with no strings attached. This would level the playing field in VET, and overcome problems arising from inappropriate levels of credit based on decisions about profit rather than student learning.