

**Report
on
Options for Future Collaborations
of
Canberra Institute of Technology
and
University of Canberra**

**By
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**Commissioned by the ACT Government
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FUTURE OPTIONS CANBERRA INSTITUTE OF TECHNOLOGY AND UNIVERSITY OF CANBERRA

In May 2011 the Australian Capital Territory Government asked Emeritus Professor Denise Bradley AC to:

- Explore and report on the opportunities for greater collaboration between University of Canberra (UC) and Canberra Institute of Technology (CIT), up to and including amalgamation
- Give equal value to VET and Higher Education, reflecting the importance of each in the development of skills and knowledge and in its contribution to the ACT economy and community in any proposal for change
- Identify how any proposal for change may assist the ACT to meet future skill needs and respond to demographic trends
- Recommend to the ACT Government a preferred model to meet its needs for the next decade

The report which follows is a response to this request.

A. The National Context

Australian governments like others internationally have accepted that in a fast moving, global, competitive environment the social and economic future of any community depends on the skills of its citizens. There is wide acknowledgement that this means many more people achieving qualifications at higher levels. As a result, there has been unprecedented attention directed towards improving school success and retention as well as to patterns and levels of tertiary participation.

Australia has moved quickly to establish national targets supported by programs designed to increase community skill levels. The following national targets are particularly relevant to any discussion about tertiary provision:

- Halving the number of people aged 20-64 without qualifications at Certificate Level 3 and above¹
- 90 per cent of young people with a qualification at Year 12 or equivalent by 2015²

¹ Keating, M. & Smith, C. (2011) *Critical issues facing Australia to 2025 summary of a scenario development forum*. Academy proceedings 1/2011 Canberra, Academy of the Social Sciences p.2

² Gillard, J. (2009) *Budget 2009-10: Ministerial Statement on Education, Employment and Workplace Relations- Jobs, productivity and fairness- a foundation for recovery*. Barton, ACT, Commonwealth of Australia p.35

- 40 per cent of 25-34 year olds with a qualification at Bachelor level or above by 2025³
- 20 percent of higher education enrolments at undergraduate level by 2020 from people of low SES backgrounds.⁴

Such targets demonstrate the acceptance by government that a community with more and higher level qualifications will be vital for future prosperity. But, in order to address these targets there have been changes in policy settings. These have meant the traditional barriers between the School, VET and Higher Education sectors have been breached. In consequence we have seen:

- intensification of programs to allow VET to be offered in schools,
- continuing pressure for greater contestability in VET funding⁵
- no caps on student demand driven enrolment at undergraduate level in universities from 2012
- a National Partnership on Youth Attainment and Transitions designed to increase participation and engagement of people 15-24⁶
- signalling by the Commonwealth Government in recent statements of its intention to seek further VET reform in the next round of funding agreements with State and Territories, including a move from funding inputs to funding outputs.

This change in policy settings has led to:

- pressure at the School/ VET interface
- rapid growth in commencing undergraduate enrolments in 2010 and 2011 in universities
- in contrast to the recent growth in university enrolments decline nationally in enrolments in VET diplomas as a proportion of VET enrolments and in absolute numbers from 2002 to 2006 and stability since then⁷
- new programs or revision of existing programs in most universities to ensure that alternate pathways for entry are in place and working effectively
- review by a number of State and Territory governments of previous decisions about offering Higher Education qualifications in TAFE Colleges
- pressure at the VET/ Higher Education interface

³ *Transforming Australia's Higher Education System* (2009) Barton, ACT, Commonwealth of Australia p.57

⁴ *Ibid* p.13

⁵ See for example Goal 4 Department of Further Education, Employment, Science and Technology Strategic Plan 2010-2014 Government of South Australia

⁶ *Creating a connected ACT tertiary education environment, a discussion paper* (2010) Canberra, ACT Government p.4

⁷ Noonan, P. and Chew, J (June 2011) *The declining popularity of diplomas and advanced diplomas : issues brief to Denise Bradley* Melbourne, the Allen Consulting Group p.4

- significant emerging issues about possible cost shifting between sectors and between the Commonwealth and the States and Territories.

But we have seen also changes in patterns of funding of VET. Skills Australia cites work⁸ which shows that the funding base has not increased and the contribution of State and Territory governments has reduced from 57 per cent to 50 per cent between 2001 and 2008. Increases in revenue have come from fee for service activities. During this decade, too, the Commonwealth Government has become increasingly influential as it moves to fund VET to meet the economy's demand for skills. But it has sought reform of existing arrangements and contestability of its funds as the price of further support for this sector.

At the same time private providers of VET and of Higher Education appear to be positioning for further change as the continuing aggregation of private providers demonstrates.⁹ They are making the business decision that the move to greater contestability in access to government funding, already evident in VET will be mirrored in Higher Education once changes to university funding and national regulatory initiatives are completed. Further, that large, more comprehensive institutions will be better able to flourish in this emerging environment.

Analysis of the need for tertiary education over the medium term has also been undertaken. Most recently, Skills Australia¹⁰ examined social and economic drivers and sought to predict the need for tertiary education - VET and Higher Education over the next 15 years. It argues that an increase in enrolments of at least 3 per cent each year will be necessary to support a rise in workforce participation from the current 65 per cent to 69 per cent - a rise it considers vital. After analysis of how best to predict and manage the supply of skills in response to volatile and largely unpredictable demand it has recommended (1) a fully funded public entitlement for students up to and including Certificate 3 and (2) income contingent loans for VET qualifications above that level, similar to those already in place in Higher Education. It supports a system which is led by student demand, mediated by advice from industry -

*A more unified approach in funding is recommended by moving nationally to an individual and enterprise demand-led model of public funding to remove financial barriers and to allow increased choice of training provider.*¹¹

But there is serious questioning of whether current institutional arrangements are likely to deliver the growth and speed of response that is needed. In another discussion paper

⁸ Skills Australia (2010) Creating a future direction for Australian vocational education and training: a discussion paper on the future of the VET system p.8

⁹ Kaplan Expansion continues (May 5th 2011) The Australian

¹⁰ Skills Australia (2010) Australian Workforce Futures: a national workforce development strategy

¹¹ Skills Australia (2011) Skills for prosperity a roadmap for vocational education and training Barton, ACT, Commonwealth of Australia p.3

Skills Australia¹² examines a range of possible structural responses to shifts in demand for tertiary education and to possible changes in funding mechanisms. These are likely to lead to the evolution and the establishment of a range of institutional types. We may well see

... some very different provider configurations across regions. We might have far less homogeneous VET providers as part of a more variegated tertiary system. Changes might thus include more dual-sector institutions, especially if students demand better pathways between VET and higher education. Alternatively, VET and higher education might differentiate further, with VET concentrating on the delivery of foundation, trade and workplace training up to Certificate IV. More advanced study may be the province of universities or a new type of 'polytechnic'. Alternatively, VET providers may increase their entry into the degree area. In a variegated world various models might operate side by side.

Finally, it is important to remember that any discussion of tertiary education provision in Australia must also take account of more than its role in building this country's skill and qualification profile. In the last two decades in particular, our educational institutions have built a significant industry providing education services to international students. It is a major industry which brings revenue to institutions and to communities. Its contribution to the revenue and supply of skills in many local communities is profound.

The preceding brief overview of recent developments illustrates the shifts that have occurred in so many aspects of tertiary education in the last twenty years. The only certainty now is that there are no guarantees even in the medium term about the maintenance of current policy settings or program arrangements and thus governments do need to question existing institutional forms of public provision.

Like the authors of the Skills Australia Discussion Paper the ACT Government is anticipating very different conditions from those which shaped the current structural arrangements in tertiary education. Thus it is seeking to identify the best model of tertiary provision for the ACT in this period of change and turbulence. How can it position the ACT to benefit from the opportunities the future holds, ensuring it has a system that responds appropriately and meets the needs of students and industry?

Getting the institutional arrangements right in any jurisdiction will be important because there will be little time to undertake significant structural change as regions compete for advantage - for major projects and new industries. Most informed commentators expect, given the widespread acceptance that availability of workers with the right skills is critical to economic performance, that industry will continue to urge government to act decisively to meet immediate and emerging skills needs. Governments will respond because of the economic impact of skill shortages or skill blockages. Policy settings and

¹² Skills Australia (2010) Creating a future direction for Australian vocational education and training: a discussion paper on the future of the VET system p.9

institutional arrangements that are not delivering the necessary results will be jettisoned. In this new environment of intense international competition and also of increased competition for skilled labour within the national 'patchwork' economy no government will be able to provide long term care and maintenance to programs and institutions which are failing to meet national or local needs for skilled workers.

Really, all we can say with any confidence is that all tertiary providers, VET or Higher Education, public or private are operating in a period of unprecedented competition and great uncertainty. For that reason, decisions about how best to position both institutions and communities must look to the future rather than dwell on historical patterns, achievements, relationships or conflicts.

B. The Context - ACT

Learning Capital the recent report on the vision for tertiary education in the ACT, bases its recommendations for further action on two unique attributes of the ACT - high school retention rates and a well educated workforce.¹³ These mean any action for change starts from a firm base of achievement. Indeed, the report suggests that performance in education is and can be both a defining characteristic of the ACT and a source of revenue from the export of education services. As well, the discussion paper which supported the work of the Task Force that developed *Learning Capital* points out that the ACT must address the needs of the 40 per cent of its working age population which has no formal post school qualifications¹⁴ and find ways of retaining in its tertiary institutions more of those residents who study with higher education providers outside Canberra.¹⁵ But, there is no doubt that, with relatively strong school success rates and a well qualified population strong future demand for qualifications at AQF level 5 to 7 - levels where both UC and CIT have, by national standards, a high proportion of their enrolments can be predicted.

Employment in Canberra reflects the nature of the economy - jobs clustered in Government, Defence, Property and Business Services, Retail and Education.¹⁶ For the future, demand will continue to be strong for those with tertiary qualifications and the demand for trade qualifications is not likely to abate. However, if the policy emphasis on improving completions in Apprenticeships is successful, existing levels of entry may meet the needs of the ACT community for workers with initial trade qualifications.

The picture of tertiary provision in the ACT is well known. Higher Education provision is largely the responsibility of the Australian National University and UC although

¹³ ACT Tertiary Education Taskforce (2010) *Learning Capital: an integrated tertiary education system for the ACT*. Canberra, ACT Government

¹⁴ *Creating a connected ACT tertiary education environment, a discussion paper* (2010) Canberra, ACT Government p.5

¹⁵ *Ibid* p.7

¹⁶ *Ibid* p.4

University of NSW at the Australian Defence Force Academy offers national niche provision and Australian Catholic University along with a range of smaller higher education providers (including CIT) offer programs. Publicly funded VET provision, outside VET in schools is concentrated in CIT although there are around 130 Registered Training Organizations in the ACT and NSW TAFE (Illawarra) operates in the ACT.

Patterns of enrolment are already shifting as institutions respond to changes in policy settings and funding arrangements. UC offers some VET Diplomas and CIT some degrees. Enrolments in each are small. Undergraduate enrolments are growing and the plan is to grow further. In 2010 and 2011, UC significantly increased undergraduate commencing enrolments while ANU has recently announced plans for an annual increase of 3% in undergraduate enrolments. But CIT has largely flat lined in enrolments at Diploma and Advanced Diploma level.¹⁷ Intense competition at AQF levels 5-7 is already apparent in the ACT.

C. Tertiary Provision in ACT - A Possible Future

At present the two major ACT public tertiary institutions – CIT and UC, are well regarded, relatively successful and certainly not in any crisis - financial or reputational. ANU, which is a competitor for ACT students, is a national institution which happens to be situated in the ACT. While it is clearly part of the local tertiary landscape, it is not within the policy mandate of the ACT Government. However, in a demand driven environment, any decision by ANU to change its size or its academic profile will have serious implications for everyone else. As the most powerful tertiary institution in the ACT and, indeed, one of the most significant Australian universities, ANU is a major competitor to UC and, potentially to any plans CIT might have for growth in degree programs in a deregulated Higher Education scene. As well, in a deregulated, student demand driven future Charles Sturt University, various arms of NSW TAFE, Australian Catholic University, University of Wollongong and University of Western Sydney are all actual or possible competitors for enrolments from students at AQF levels 5-7.

Neither UC nor CIT is well positioned for a more competitive future if the status quo prevails. It is not difficult to envisage hard times ahead for both if the pace of change accelerates. In their respective sectors each is a medium sized institution with budget to match. They perform creditably on the usual indicators, although each has points of weakness. CIT is vulnerable because of its current tight financial situation (although its balance sheet gives cause for more guarded optimism) and the apparent stalling of growth both in enrolments at the higher levels of VET¹⁸ and in the few degrees it offers. UC with its predominately undergraduate population and weak research performance will find it difficult to grow at the postgraduate level and its current plans for growth are

¹⁷ See Appendix A

¹⁸ Noonan, P. and Chew, J (June 2011) *The declining popularity of diplomas and advanced diplomas : issues brief to Denise Bradley* Melbourne, the Allen Consulting Group p. 5

not likely to ameliorate this situation. Neither will find it easy, academically or financially, to develop competitive degrees in technology based areas with any speed. While both are diversifying their income through commercial activities each will have difficulty in diverting sufficient funds to support major shifts in profile or activity to capitalize on opportunities or protect itself from threats. In both institutions the leadership is developing strategies to improve competitiveness and, in one or both, these strategies may be enough to protect the institution from an uncertain future. However, there is clearly some unease about the future of each and this review has been established to examine the possibility of responses beyond the incremental changes currently planned.

The size of an institution, its operating budget and its capacity to release funds for development are crucial points of advantage when times are tough. Of course, it is also critical that the institution can act quickly and UC is in a better situation here because CIT is not independent and remains an arm of government rather than an independent public entity like the university. While it is impossible to predict demand patterns precisely we can be confident that demand both for initial tertiary qualifications and for up skilling will continue in a high skill economy like the ACT. For that reason, it is very important that its major local institutions have an institutional capacity to act rapidly and decisively. Governance arrangements, available resources and organizational forms can assist or impede action.

Various options for the future of CIT and UC can be envisaged and before we move to discuss possibilities it is important to rule one out. It was argued during the *Learning Capital* consultation process that greater cooperation between CIT and UC could be utilized to increase opportunities for students. No doubt the intention is that they should cooperate through negotiation of further articulation agreements involving cooperative curriculum development that establishes guaranteed pathways between qualifications in each institution. There is a large number of such agreements in place already and it is important to stress that such agreements go far beyond credit transfer arrangements which identify pathways but do not require the detailed planning and, by implication, the intention not to compete in the traditional space of the other institution.

Such cooperation in a small market between two institutions which already have substantial overlap of offerings at AQF levels 5-7, is likely to be short lived and unsuccessful in the emerging tertiary landscape. Indeed, there is already evidence of competitive rather than cooperative behavior. UC offers VET diplomas and has floated plans to establish a Polytechnic while CIT offers degrees and is a partner in substantial cooperative agreements for program articulation or delivery with universities other than UC.

This reviewer does not believe any further attempt by the ACT Government to encourage or mandate any greater cooperation between CIT and UC than currently

exists is a realistic option. Indeed, the time spent in trying to achieve cooperative arrangements like articulation agreements in areas of core business when the policy settings encourage competition and reward cooperation only when there is clear mutual advantage, is time wasted. Articulation arrangements are effective between competitors in areas where there is no intention to offer programs in the other's program space but they will not work if there is an intention to compete. This is because articulation discussions require each party to disclose critical aspects of the core of its competitive offerings. The small number of people moving between CIT and UC under the current arrangements suggests that, despite past good intentions and hard work by many staff, recent changes in the tertiary environment mean that this is not an area for greater development.

It would be more rational to accept that conventional credit transfer arrangements between UC and CIT using the pathways established as part of the reform of the AQF are the right approach rather than pursuing greater cooperation through strategies like articulation, with all the effort required to establish transparent arrangements. Each is already a partner in articulation agreements with organizations (including ones they own themselves) which they do not identify as competitors in their core business areas and this cooperative strategy is the direction for them to pursue if they remain separate organizations.

If this argument about the practical limits of cooperation between CIT and UC is accepted then the ACT Government should either accept there will be competition between the two local public institutions which both offer programs at AQF levels 5-7 or it should move to streamline local provision. The reviewer favors the latter option but, nevertheless, if the recommendations which follow are not accepted, the ACT Minister needs to consider whether continued pressure for closer cooperation through broadly based articulation arrangements between CIT and UC is sensible in the present circumstances.

D. Future Options

1. Status quo

The status quo is always an option. There will be no controversy, existing strategic plans stay in place, everyone in the institutions remains calm and Government does not face public questioning and legislative change. If that is to be the option chosen, the reviewer would urge the ACT Government to commit publicly to the status quo and, in so doing, agree not to raise the issue of any structural change for at least five years. The two institutions need to plan secure in the knowledge that they will be able to navigate the uncertain future without being distracted by another round of discussions about possible structural change.

However, this is not a preferred option. While UC may be able to manage if no structural changes occur, CIT will suffer without structural changes. The current arrangements do not allow it the freedom it needs to operate in a more competitive, student demand driven environment and there are signs its profile at the higher levels of offering is already affected by the more aggressive recruitment activities of universities, including UC.

But, more importantly, the status quo will not realize for the ACT the opportunities which will derive from a single, larger, independent, diverse institution which is organized to capitalize on the policy and structural changes that are shaping a new tertiary landscape.

2. Independence for CIT

CIT management and its Advisory Council have been investigating a move to greater independence. The impetus for this is the clear intention to introduce more competitive arrangements in tertiary education nationally, the signs of greater competition in the ACT and their conviction that they are not well placed to operate in the new environment. Their preferred model is that of TAFE Institutes in Victoria since the reforms of 2006. These establish TAFE Institutes as statutory authorities with governing Boards and considerable independence to operate. While CIT is a statutory authority its Advisory Council does not have the independence and powers to act which characterize the Victorian Institutes.

Box Hill Institute of TAFE has been the subject of considerable scrutiny by CIT and is the institution the management and Advisory Council would use as their starting point for a model of operation. Its 2010 revenue was \$127 million compared with CIT's revenue of \$109 million so it is of broadly comparable size.

While there are risks in greater independence for CIT there are clear advantages as it will be more able to move rapidly to respond to greater competition. With the right to make its own decisions; forge new relationships across the three sectors - Schools, VET and Higher Education; and provide new programs, CIT will be better able to respond to emerging demands and meet student and industry needs. Its commercial arm, CIT Solutions has shown there is a market in the ACT for entrepreneurial offerings and it is possible that, with greater freedom to act, CIT could do well. Certainly some of the Victorian TAFE Institutes after gaining greater independence are flourishing and serving local needs very well. Of course, the government, if it pursues greater autonomy for CIT, may wish to investigate models of institutional governance other than those in Victoria although a recent draft paper on futures commissioned by CIT management has supported both greater autonomy and the Victorian governance model.¹⁹

¹⁹ *CIT in the Post- 2012 world*. Unpublished draft July 2011.

However, this is not a cosmetic change or a minor adjustment. It will require profound adjustments in culture, operations and management, particularly at the more senior levels. A senior management team used to operating with the underpinning certainties of government funding for capital and much of its recurrent expenses may well struggle with the changes necessary to operate as an independent entity, responsible for its own future including funding salaries and maintenance of its extensive capital stock. While it is a necessary transition if the Government is to respond at least in part to the new realities of tertiary education, it will not be an easy one.

Everyone, Government, management, the Advisory Council and staff, should accept that, to make this option work, major changes in internal operating arrangements will be required. Indeed, it is important that everyone understands that this option will possibly require as many internal changes to existing arrangements as any option for amalgamation. A small institution setting out on its own in a very competitive environment will need to examine and test every aspect of its internal operations for their effectiveness. Much existing practice is not likely to survive such an examination.

While this option is preferable to the status quo it is not the preferred one. The preferred option, the merger of CIT and UC to form a new institution, is outlined below.

3. A new institution

The preferred option is the establishment of a dual sector university in the ACT. In a changing tertiary landscape there are many opportunities for such an institution and many advantages for the citizens of the ACT.

In summary, what are the arguments for it?

- As competitive pressures increase neither CIT nor UC is of sufficient scale and mass to compete effectively to increase its share of the ACT market or move decisively to become a significant provider outside Canberra.
- If the two institutions remain separate they will continue to compete at AQF Level 5-7 in ways that, given their current size and budget, may mean that neither will be able to develop a strong and competitive suite of courses. Opportunities for the people of Canberra will suffer if that happens.
- The Commonwealth policy commitment to an entitlement system across VET and to VET reform more generally, if implemented nationally will be best utilized by those institutions which are already able to operate across existing sectors
- A larger and more comprehensive institution is likely to be more attractive to international students; more prepared to handle shifts in flows of international students; and will find it easier to market comprehensive, innovative pathways through tertiary education.

- The current course profile of the two institutions suggests that significant extension of offerings at degree level and above in areas of Engineering, for example, could be built upon the technology strengths of CIT. However, CIT will find it difficult to develop viable degree offerings in these areas if it remains a small separate institution without university status while UC does not have the technology base to begin this process easily.
- A new institution built on the existing profile of CIT and UC will be well balanced in spread of fields of study at AQF Level 5 and above. With a broader base at these levels opportunities will emerge to provide new programs and support a shift in the local skills profile as well as establish research and development capacities that will assist the ACT as it diversifies its economic base.
- A new institution signals a public decision to work with the local community to develop a modern institution with the capacity and the will to support the economic and social future of the ACT.

This change affords a unique opportunity to reconsider the needs of a broader range of students and in response to develop innovative forms of delivery utilizing the strengths of each institution. A unique feature of this institution, given the UC initiatives already underway with schools and the strong performance of CIT in preparatory programs will be the breadth and depth of its program coverage of AQF Levels 1-10. No existing Australian tertiary institution could rival the boldness of its scope.

A very recent unpublished report to CIT management on possible futures presents arguments against such an institution. Without engaging in a detailed rebuttal of these, it is important to emphasize that the Victorian dual sector institutions all function effectively, Queensland is very seriously investigating the possibility of establishment of a dual sector university in the Central Queensland region and Charles Darwin University has managed well as the major TAFE operation in Darwin, a city with many characteristics in common with Canberra. Tellingly, the report itself concludes that, despite the arguments it has mounted against the dual sector option:

Arguably a new institution that is purpose-designed as a cross-sectoral tertiary provider may be able to avoid some of these problems²⁰.

What follows here is an argument that the ACT needs exactly that - a new institution, designed with a mission and structure to allow rapid, flexible and effective responses to the emerging educational needs of the ACT. A detailed proposal about how this might be achieved is included.

If there is to be change, any form of association between CIT and UC needs to be stronger rather than weaker. For an institution to be competitive it must have rapid access to all available resources - tangible and intangible to meet threats and

²⁰ Ibid P. 10

opportunities. Thus federated models, network institutions or any other form of association of quasi-independent bodies which leads to lack of clarity about the directions of the institution or to delays in decision making are not acceptable. In addition, such models have been tried as a means of bringing together existing institutions. They were implemented in several universities in NSW as a response to the structural reforms in Higher Education initiated by Minister Dawkins two decades ago. None of them was successful and all were abandoned.

If the institutions are to come together, given their size, reputation and history a new institution must be formed - a dual sector university. This must be seen and managed as a partnership of equals, not a takeover of one institution by another. While the resulting institution will be a university, the size of the existing student body of each is approximately equal. Neither is a dominant institution at present in reputation or standing in its sector. Both are mid-sized, well regarded institutions with good reputations in their sector.

It is important to emphasize here that it is CIT and its mission which would suffer in any amalgamation which was not recognized as a coming together of equals. If this happened some unique and valuable contributions to the ACT community could be lost. This is vital if the critical role of CIT in supporting community skills needs up to AQF Level 4 in the ACT is to be maintained. It must be an amalgamation of two equal partners with unique and valuable organizational capabilities to form a new institution, not a fine tuning of the mission of one to incorporate the activities of the other.

While the Council of the University of Canberra may wish to see a different starting point it is very important for all parties to accept that a new institution formed through amalgamation will only succeed if there is:

- Respect and value accorded to the unique characteristics of each partner
- Respect and value accorded to the values, culture and traditions of each sector
- Understanding of and respect for the strengths each will bring to the new institution.

While it may be sensible and expedient to establish this new institution by changes to the University of Canberra Act the functions and values²¹ of the University must be reframed. Appendix C contains the statement of Objects in the Acts of the Victorian dual sector universities. It would provide a useful guide to framing this section of the Act of a new dual sector university in the ACT.

²¹ See Appendix B

E. A possible process and timeline

Mid 2011 - access to funds

Public announcement made by ACT government of its intention to restructure with indicative timeline outlined. Submit to Commonwealth Government for Structural Adjustment Funds to support the establishment of the new institution. Both institutions also make a public announcement about the implications for students who enrol in 2012 - maintenance of separate recruitment, admission and enrolment arrangements and continuation of programs already announced for 2012.

Late 2011 - legislative action

New Act passed and new Council announced. The Act should allow for the ACT Government to appoint the inaugural Chancellor. In the first years of the new institution it will be vital for the Chancellor to be publicly committed to forging a distinctive mission for the new institution, based on the strengths of both the antecedent institutions. The responsibilities of the Chancellor initially will be much more onerous than they are usually and the ACT community needs to be confident that the Council of the institution is led by someone whose commitment is to the future and who is prepared to spend considerable time working with the executive on forward planning and ensuring that issues arising from the necessary changes internally do not overwhelm such planning and strategizing. It would be hard to engender such confidence if the Chancellor is elected by the Council.

January 1 2012 - a new institution comes into being

The new dual sector University of Canberra commences operations with the only immediate change from existing organizational arrangements of the University of Canberra being the establishment of CIT as a Division led by a Deputy Vice Chancellor. All staff members of CIT and UC with continuing employment arrangements transfer into the new institution with no loss of entitlements.

2012 should be a year of transition. While some progress can be made during the year in functional consolidation outside longer term planning processes there are significant strategic and tactical questions underlying decisions about management of the core business of teaching and research. Separate management of curriculum development and quality control processes for VET and Higher Education should be maintained during 2012 while strategic planning occurs. The somewhat turbulent recent history of organizations like RMIT as they have sought to establish effective academic structures to oversee both VET and Higher Education programs suggests that it would be wise to hasten slowly on decisions about how to organize these functions and the administrative structures that might best support them.

Rather than recommend adoption of the organizational arrangements, academic processes and systems as well as senior management structures of one of the existing

dual sector universities the reviewer believes the new Council should maintain interim arrangements while it considers carefully what arrangements will best support the directions it wishes to pursue.

The experience of like institutions should inform decisions but not shape them. What the institution is and wants to be should drive the organizational structures and arrangements - form should follow function.

January 2012 - planning for the long term

To plan for the long term a consultative and comprehensive planning process, involving ACT community and industry leaders as well as members of the University should be established by the Council at its first meeting in 2012. This should aim to establish a detailed statement about the purposes, values, goals and directions of the new institution. The resulting Strategic Plan should identify areas of strength, areas for development and areas for consolidation. It should, too, set out those organizational structures for the University which will be best suited to support this Strategic Plan, once adopted.

This new dual sector university is likely to have an academic profile different from most of the other dual sector institutions. It may have a greater proportion of its student load at AQF levels 5-7 than some other dual sector universities. But it is also likely that the ACT Government will seek a public commitment to maintenance of the requirement to meet the needs of those citizens of the ACT who lack any formal educational or training qualifications.

Effectively CIT is now and the new dual sector university is likely to remain over the medium term the sole ACT provider of publicly funded preparatory and other access programs for the severely educationally disadvantaged. This means that the responsibility to the ACT's most disadvantaged will be profound and a much more significant responsibility for this university than it is in most other dual sector universities. But that is, too, a chance to consider whether this responsibility and point of difference could be established as a point of strength. Certainly, one of the questions which should be addressed during the planning phase is whether the new institution's unique profile and responsibility for access to educational opportunities could mean there is an argument for all staff with expertise in this form of educational provision, whether at VET or Higher Education level, coming together in a separate and specialized organizational unit. Such a grouping could be a powerful base for innovation in practice and for research and development. National policy and national need requires new solutions and programs to improve access and success for the educationally disadvantaged. This new institution would be uniquely placed to be a leader in this critical area.

Once this plan is agreed by Council and in place, major change to organizational structures, senior and middle management roles, delegations and resulting administrative arrangements should occur during 2013.

A person with credibility in both VET and Higher Education should be appointed to take responsibility for this process and to have high level oversight of the process of the proposals for functional consolidation outlined below, at least during 2012. Indeed, it may be sensible to maintain such a position in 2013 and 2014 to oversee the progress of all the resulting organizational changes. This is not a responsibility that should be added to the role of existing senior staff members as it will require concentration and attention to detail if the process is to be successful. All the experience of mergers in the corporate and the educational spheres points to the possible danger of losing focus on the external environment as leaders concentrate on managing the internal changes necessary. An additional senior appointment with a specific responsibility for overseeing the planning and implementation of the amalgamation could assist in mitigating this risk. As well, there is the question of perceptions. There would be benefits for this person to be seen as not having had a base in either of the institutions which are coming together. Further, if the person occupying the position is to be effective the appointment should be at Deputy Vice Chancellor level with line responsibility to the Vice Chancellor but functional responsibility to the Chancellor.

During 2012 - consolidation of some functions

There are a number of functions where consolidating the administrative systems and operations of the two existing institutions could occur quickly. Some back office functions can be brought together easily. Other areas of student or staff support should be brought together to maximize service. The suggestions below outline how action might proceed:

- Action to merge various administrative functions gets underway in early 2012 – the finance, human resources, capital and facilities planning and management, IT and planning functions would be affected. (There is plenty of evidence from other dual sector institutions that such functions are easily managed across sectoral boundaries)²²
- With the policy intent that access for all students to all services on all campuses as soon as possible should be the aim, action to merge the various student services functions like learning support, library and counselling should commence early in 2012. As well, professional development services for staff should be merged quickly (CIT is particularly strong for a VET institution in attention to student services and professional development of staff. The reviewer has little concern about cultural differences between staff here. Commitment to the needs of clients is a key attribute of staff in these areas in both institutions)

²² Webb, L. and Watson, L. (2008) *Dual sector institutions in Australia Report April 2008*.

- A formal process of review and needs assessment for a single IT system, Learning Delivery Platform and Student Administration system should begin by mid 2012.
- Systematic formal review of capital plans, capital stock, maintenance needs, maintenance programs and asset usage should begin once the functions have been consolidated in mid 2012.

F. Conclusion and Recommendations

The contextual information outlined in the early sections of this report aims to alert readers to the reality that any understandings they might have had about tertiary education arrangements are likely to be out of date. The pace of change, driven by shifts in the economy is extraordinary and no one can predict what the shape of the tertiary education sector is likely to be even in the medium term. Contestability of funding, encouragement of private provision, changes to the bases of funding and the introduction of new regulatory arrangements will all have an impact. But it is the combined impact of all these things which leaves even the most informed commentators uncertain about what might happen and which organizational forms might prevail.

Probably the only point on which nearly everyone agrees is that institutions must have sufficient scale to invest in new developments but be agile and swift. For this to happen, public institutions must cast off the comforts and constraints of their traditional relationship with government. Australia's universities have already trodden this path and now its TAFE sector is beginning the journey. In many parts of Australia politicians, bureaucrats and educators are trying to work out if this is one their institutions should take alone or if they should merge with a university to form a different kind of tertiary institution.

The ACT Government has a great opportunity to act to develop a modern, dual sector university strategically aligned to the new realities of a world where the skills of its people are the true wealth of the nation. The status quo is not an option if the Government is to compete in an international and national search for skilled people. While the ACT community has high rates of school and tertiary participation, this advantage cannot be taken for granted. Across the country other communities and their governments are reorganizing their policy settings, programs and institutional frameworks to improve their position on these indicators and better align their community's skill profile to the prosperous future they plan.

Everyone touched by this issue - government, staff of the institutions, students and the wider ACT community should understand that there is little time available to make decisions. To do nothing will mean an opportunity is foregone and the strategic advantage of relatively early movement to new and more flexible arrangements is lost.

Recommendations

- 1. The ACT Government establish a dual sector university formed from an amalgamation of the Canberra Institute of Technology and the University of Canberra by January 1 2012. The amalgamation should proceed underpinned by the following:**
 - Respect and value accorded to the unique characteristics of each partner**
 - Respect and value accorded to the values, culture and traditions of each sector**
 - Understanding of and respect for the strengths each will bring to the new institution.**
- 2. The ACT Government adopt the approach, process and timelines for such an amalgamation as outlined in sections D3 and E of this report.**
- 3. If the ACT Government elects not to amalgamate the institutions it move to establish CIT as a body with levels of independence similar to those of the Victorian TAFE Institutes by January 1 2012.**
- 4. If the ACT Government rejects the recommendations above it make a public statement ruling out any further discussion of mergers for five years.**

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The support of Ms Leanne Cover from the Education and Training Directorate, ACT Government has been timely, intelligent and unfailingly courteous. I am very grateful indeed to my colleagues Mr Peter Noonan and Mr Jonathan Chew of The Allen Consulting Group who provided me with an excellent analysis of patterns of enrolment in higher levels of VET qualifications nationally and in the ACT. Mr. Adrian Marron the CE of CIT and Professor Stephen Parker Vice Chancellor of UC has each opened his institution to me. I have had access to their staff, their thoughts and any information I have requested including confidential strategy documents. It has been a privilege to work with people who care so passionately both about their institutions and about the future of tertiary education in the ACT.

Professor Denise Bradley AC
July 2011

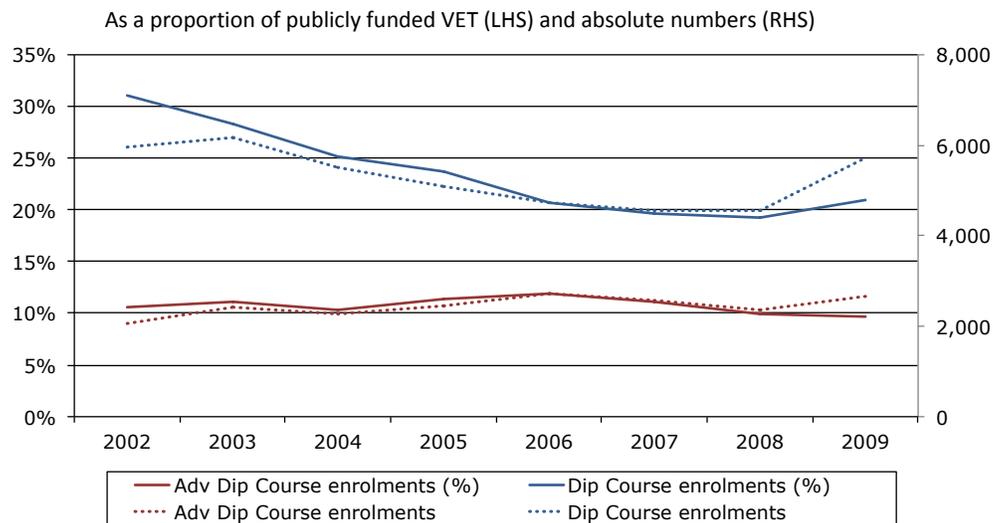
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Appendix A
Section of Report by Noonan and Chew

Noonan and Chew point out the proportion of diploma enrolments in the ACT once comprised close to one third of all publicly funded VET enrolments (in 2002), compared to around 11 per cent nationally. However, from 2002 to 2006 there was a marked decline in enrolment figures for diplomas in the ACT, at a steady rate of approximately 2 percentage points per annum. Since 2006, diploma rates have been steady at around 20 per cent. Advanced diplomas on the other hand have held steady as a proportion of total enrolments at around 10 per cent of all VET enrolments.

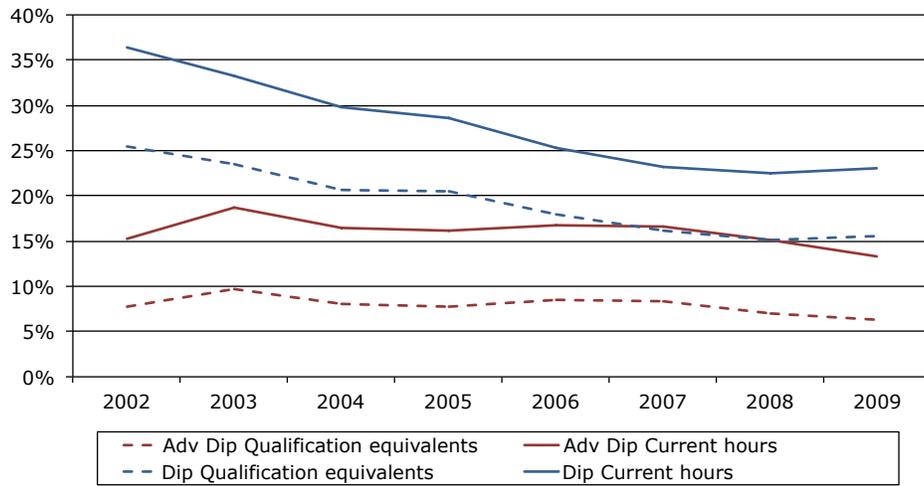
ENROLMENTS IN DIPLOMAS AND ADVANCED DIPLOMAS – ACT



Source: 2011 NCVER data

Noonan and Chew also note that these same trends are apparent if qualifications equivalents and hours are examined

HOURS AND QUALIFICATIONS EQUIVALENTS — ACT



Source: NCVET

Appendix B

University of Canberra – Functions and Values

Functions of university

1. The functions of the university include—
 - (a) to transmit and advance knowledge by undertaking teaching and research of the highest quality; and
 - (b) to encourage, and provide facilities for, postgraduate study and research; and
 - (c) to provide facilities and courses for higher education generally, including education appropriate to professional and other occupations, for students from within Australia and overseas; and
 - (d) to award and confer degrees, diplomas and certificates, whether in its own right, jointly with other institutions or as otherwise decided by the council; and
 - (e) to provide opportunities for people, including those who already have post-secondary qualifications, to obtain higher education qualifications; and
 - (f) to engage in extension activities.
2. In the exercise of its functions, the university must pay special attention to the needs of the ACT and the surrounding regions.

Values and principles of university

The university must have an objective of implementing the following values and principles:

- (a) service to scholarship and the education of the Australian people;
- (b) responsiveness to the needs of Australia;
- (c) fairness and integrity;
- (d) efficiency and effectiveness;
- (e) accountability for the exercise of the university's function

Appendix C

Dual sector universities in Victoria - Statement of Objects in all Acts of Establishment

The objects of the University include—

- (a) to provide and maintain a teaching and learning environment of excellent quality offering higher education at an international standard;
- (b) to provide vocational education and training, further education and other forms of education determined by the University to support and complement the provision of higher education by the University;
- (c) to undertake scholarship, pure and applied research, invention, innovation, education and consultancy of international standing and to apply those matters to the advancement of knowledge and to the benefit of the well-being of the Victorian, Australian and international communities;
- (d) to equip graduates of the University to excel in their chosen careers and to contribute to the life of the community;
- (e) to serve the Victorian, Australian and international communities and the public interest by—
 - (i) enriching cultural and community life;
 - (ii) elevating public awareness of educational, scientific and artistic developments; and
 - (iii) promoting critical and free enquiry, informed intellectual discourse and public debate within the University and in the wider society;
- (f) to use its expertise and resources to involve Aboriginal and Torres Strait Islander people of Australia in its teaching, learning, research and advancement of knowledge activities and thereby contribute to
 - (i) realising Aboriginal and Torres Strait Islander aspirations; and
 - (ii) the safeguarding of the ancient and rich Aboriginal and Torres Strait Islander cultural heritage;
- (g) to provide programs and services in a way that reflects principles of equity and social justice;
- (h) to confer degrees and grant diplomas, certificates, licences and other awards;
- (i) to utilise or exploit its expertise and resources, whether commercially or otherwise.