



MONASH UNIVERSITY – ACER
CENTRE FOR THE ECONOMICS OF EDUCATION AND TRAINING
6th National Conference

VET: CONNECTIONS, COSTS & CONTRADICTIONS

Monday 26 August 2002
Ascot House, Ascot Vale, Victoria

**HECS & VECS: REFLECTIONS ON A STUDENT LOANS
SCHEME FOR VET***

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During the past few years various commentators have suggested that Australia's Higher Education Contributions Scheme (HECS) for tuition fees in higher education could be extended to the vocational education and training (VET) sector. Despite the Commonwealth Government's assurance that 'there is no suggestion that a HECS-style system might be applied to the sector as a whole', the current review of higher education raises the prospect of a HECS-style system for Diploma-level courses in the VET sector—a Vocational Education Contributions Scheme (VECS).

This paper presents some initial concerns about the appropriateness of a HECS-style system for the VET sector in general. These are preliminary and part of on-going work at CEET.

A commentary on aspects of the recent issues paper *Varieties of learning: The interface between higher education and vocational education and training* is the major focus of this paper. The issues paper is part of the current review of higher education and as its name implies, deals with the link between VET and higher education. A concern of the paper is the ability of students to avoid HECS by undertaking TAFE courses at substantially lower personal cost and then claiming credit for this study towards a university course.

Varieties of learning notes that:

1. *Admission of students to university on the basis of TAFE qualification has increased between 1993 and 2001.* This increase, however, was concentrated in the period 1993-1995. Between 1995 and 2001 the proportion of students admitted to university on the basis TAFE qualifications was reasonably stable—especially given the changes to HECS introduced in 1997 that increased any incentive to avoid HECS by undertaking TAFE courses.

* CEET is funded by the Commonwealth Government through the Australian National Training Authority as a Key Vocational Education and Training Research Centre.

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2. *TAFE Diploma graduates are substantially more likely than other TAFE graduates to enter university in the year immediately after completing their course.* The majority of TAFE graduates who enter university in the year after their course, however, completed a course other than a Diploma.
3. *Over the period 1993 to 2001, the number of commencing university students granted credit for TAFE studies has increased at a substantially faster rate than the number of commencing university students.* If 1994 is taken as the base year, however, any increase is negligible. For subsequent years it declines. The apparent growth from 1993 might reflect no more than a change in the way DEST processed the data it receives from universities.
4. *The level of exemption for any particular student tends to be small.* Indeed, it seems that in 2001 fewer than 500 of the 219,597 students who commenced a university degree (or below) course received credit on the basis of their TAFE studies for more than half their course. This is a very small number.

1. INTRODUCTION

The last few years have seen a sharp reduction in the public expenditure per hour of training in VET. Given the limits to public funds, additional fees coupled with an income-contingent HECS-style loans scheme are an alternative way of dealing with the funding problems of VET.

The main concern about an increase in fees for VET is that it would discourage participation at all ages and in particular discourage participation by the less advantaged. A HECS-style loans scheme for TAFE students has been proposed to offset any deterrence to participation in TAFE by ensuring that there are no upfront costs that have to be paid by students. Repayments only start when the student is employed.

HECS appears to have worked reasonably well in higher education, although the effects of the 1997 changes-lifting of the charges and lowering the threshold for repayment-are yet to be fully evaluated. Any success of HECS in higher education, however, may be difficult to reproduce in the VET sector. The following characteristics of the VET sector and its students are important in this regard:

1.1 Socioeconomic status of the students

TAFE clearly caters more for lower socioeconomic status (SES) persons than does the higher education sector. VET courses are often delivered with more face-to face hours than higher education and smaller class groups. The large lecture mode is not often used. This may be appropriate for students who have not achieved high ENTER scores or have entered VET without completing secondary school. If lower SES persons are more easily discouraged by a fees and an income contingent loan scheme then the case for it is weakened.

1.2 Equity

The case for fairness in the introduction of HECS to universities made by the Wran Committee (1988) was based largely on the higher incomes received by university graduates and the socially selective nature of the university student population. But studies of the incomes of TAFE graduates suggest only a modest addition to earnings as a result of their courses. If repayment were to be made only when the income of the VET student achieves above average earnings as in the original proposal in the Wran Report (or even the level of earnings specified when HECS was introduced in 1989) then a large number of VET students would never repay. The lower threshold of about one- half of the average weekly earning of adults in full-time employment applied from 1997 means repayment from persons who might never receive above-average earnings.

1.3 Employment status of VET students

Most VET students are part-time and those who are earning \$23,000 or more per annum would not be able to defer payments.

1.4 Administrative cost

The case for consistency suggests that the same system be used for part-time students if it were introduced; not just for full time diploma or advanced diploma students. Many students take very short VET courses or units. The complexities for a scheme to cover these may be considerable relative to the cost of the courses.

1.5 HECS-avoidance

Some students undertake VET courses at low fees and then seek credit transfer to university—and hence pay far less in tuition fees for their university qualification than students who enter first year university. The argument here is one of consistency and fairness across sectors. The recent issues paper, *Varieties of learning: The interface between higher education and vocational education and training*, written as part of the current review of higher education, focuses extensively on this issue. The second section of this paper reviews some of the evidence.

2. CREDIT TRANSFER

Academic credit granted on the basis of VET qualifications (or part qualifications) to students enrolling in university courses receives considerable attention in the issues paper *Varieties of learning: The interface between higher education and vocational education and training* (Nelson 2002). The paper is concerned "that students who start their course in a TAFE and complete it in a university can pay substantially less for their degree. This discussion paper asks 'is this equitable?'".

Although the issues paper does not answer this question explicitly, it is clear that we are meant to answer 'No, it is not'. A student should not be able to sneak through the backdoor of a university without paying the admission charge. The issues paper suggests that not only is this situation unfair, it is widespread and getting worse.

Importantly, however, if the queues going through the turnstiles at the front doors of the universities are thinning out, and instead students are just walking in through the backdoor, then 'something' has to be done. It is not reading too much into the issues paper to believe that the 'something' consists of making those who come in the backdoor pay. Since these diploma courses are not *really* TAFE courses, but higher education courses that happen to be taught in TAFE institutes, students enrolled in them should pay HECS just like any other higher education student.

The remainder of this section reviews the evidence presented in the issues paper about the extent to which university students obtain credit towards their course on the basis of their VET qualifications.

2.1 The flow of students from TAFE to university

The issues paper notes that the percentage of commencing students admitted to degree (or below) courses on the basis of a completed or partially completed TAFE course has increased. Table 1 shows a substantial increase from 3.9% to 7.0% between 1993 and 2001.

Table 1 Students commencing bachelor degrees (or below) admitted on the basis of prior TAFE study in Australia, 1993 to 2001

Year	Students	%
1993	6 203	3.9
1994	9 111	5.5
1995	11 763	6.5
1996	11 819	6.1
1997	14 320	7.3
1998	14 374	7.2
1999	15 667	7.6
2000	14 599	6.9
2001	15 316	7.0

Source: DEST, Higher Education Statistics Collection, presented in Nelson 2002, p. 7, Table 2

But the increase occurred principally between 1993 and 1995. Entry to university on the basis of TAFE qualifications was more or less stable between 1995 and 2001 and certainly there has been no sign of any increase since 1997.

Part of any increase in university entry on the basis of complete or incomplete TAFE qualifications between 1993 and 2001 can be attributed to the increasing proportion of the population with VET qualifications.

Although entry to higher education on the basis of VET qualifications may be indicative of the strength of the link between the two educational sectors, it is not in itself the main point of concern. The real question is the extent to which commencing students in university receive credit for VET studies.

Table 1 shows the transfer of students from VET to university from the perspective of higher education. Table 2, on the other hand, uses data from the VET *Student Outcomes Survey* to show the transfer from the VET perspective.

Table 2 contains two panels. The upper panel shows the percentage of TAFE graduates who were enrolled in further studies by 30 May 2001 and, of those that were, the institution they attended. It shows that TAFE graduates with an Associate Diploma, Diploma or Advanced Diploma who enrolled in further study were far more likely than other TAFE graduates to attend university.

Table 2 TAFE graduates enrolled in further study, 2001

	Enrolled in further study %	Enrolled in further study - type of institution						Total %
		Univ- ersity %	TAFE Institute %	TAFE of univ %	Private provider %	ACE %	Other %	
Enrolled in further study								
Advanced Diploma	49.6	74.2	17.7	1.6	3.7	0.5	2.3	100.0
Diploma	39.2	52.8	34.1	3.1	5.5	0.6	3.9	100.0
Associate Diploma	23.9	69.2	25.5	1.8	1.0	0.0	2.5	100.0
Other TAFE	38.5	14.9	70.0	3.2	5.0	1.3	5.6	100.0
Total–All TAFE quals	38.8	22.5	63.0	3.1	5.0	1.2	5.2	100.0
All graduates								
2.9	Advanced Diploma	36.8	8.8	0.8	1.8	0.2	1.1	49.6
14.4	Diploma	20.7	13.4	1.2	2.2	0.2	1.5	39.2
0.8	Associate Diploma	16.5	6.1	0.4	0.2	0.0	0.6	23.9
82.9	Other TAFE	5.7	27.0	1.2	1.9	0.5	2.1	38.5
100.0	Total–All TAFE quals	8.7	24.4	1.2	1.9	0.5	2.0	38.8

Source: NCVET, Submission 314, cited Nelson 2002, p.8, Table 3 (adapted)

The shaded row in the first panel of Table 2 was not included in the table presented in the issues paper. The values are derived from knowledge of the distribution of graduates by qualification in the *Student Outcomes Survey*-Advanced Diplomas were 2.9% of all TAFE graduates, Diplomas were 13.4% and Associate Diplomas 0.8% (NCVER, 2002). These values are shown in the shaded column in the second panel.

Interestingly, the results in the first panel show that non-Diploma graduates are about as likely as Diploma-level graduates to undertake study in the first year after completion of their course and differ little from the overall average. It seems likely that the only reason Diploma-level graduates transfer to university is that they have already reached the upper levels of TAFE qualifications.

The second panel of Table 2 expresses the values in the first panel as percentages of all graduates. It shows that graduates of Advanced Diploma, Diploma and Associate Diploma courses are more likely to enrol in a university in the first year after completing their course than are other TAFE graduates. For instance, about a third of graduates of Advanced Diploma courses (36.6%) and a fifth of Diploma courses (20.7%) enrol in a university the year after completing their course. These values are several times higher than the overall rate of (immediate) enrolment in university by TAFE graduates (8.7%).

Knowledge about the distribution of TAFE graduates by qualification also enables us to note that although graduates of the various Diploma-level courses are substantially more likely to enrol in university in the year after completion of their TAFE course, *the majority (54.3%) of TAFE students who immediately enter university in the year after graduation from a VET course have a Certificate IV or below*. Graduates with an Advanced Diploma, a Diploma or an Associate Diploma are only 45.7% of all TAFE graduates who enter higher education in the year after completing their course. The pathway from VET to higher education is not restricted to graduates at the upper end of the qualification framework and, importantly, that pathway is travelled principally by recent graduates with qualifications at Certificate IV or below.

Table 3 Students commencing bachelor degrees (or below) by exemption status and means of exemption, 1993 to 2001

<i>Exemption status</i>	1993	1994	1995	1996	1997	1998	1999	2000	2001
<i>Numbers of students</i>									
For TAFE studies (n)	2617	3860	4690	4828	5227	5061	5730	5974	5181
Other exemptions (n)	16479	16994	21656	22082	27451	27421	28392	31958	30228
No exemptions (n)	139769	145557	154767	166477	163586	166010	170765	172935	184188
Total commencing students	158865	166411	181113	193387	196264	198492	204887	210867	219597
<i>% growth 2001 cf current year</i>									
For TAFE studies (%)	98.0	34.2	10.5	7.3	-0.9	2.4	-9.6	-13.3	0.0
Other exemptions (%)	83.4	77.9	39.6	36.9	10.1	10.2	6.5	-5.4	0.0
No exemptions (%)	31.8	26.5	19.0	10.6	12.6	10.9	7.9	6.5	0.0
Total commencing students	38.2	32.0	21.2	13.6	11.9	10.6	7.2	4.1	0.0
<i>% growth minus total %growth</i>									
For TAFE studies (n)	59.7	2.3	-10.8	-6.2	-12.8	-8.3	-16.8	-17.4	0.0
Other exemptions (n)	45.2	45.9	18.3	23.3	-1.8	-0.4	-0.7	-9.6	0.0
No exemptions (n)	-6.4	-5.4	-2.2	-2.9	0.7	0.3	0.7	2.4	0.0
Total commencing students	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<i>% of commencing students</i>									
For TAFE studies (%)	1.6	2.3	2.6	2.5	2.7	2.6	2.8	2.8	2.4
Other exemptions (%)	10.4	10.2	12.0	11.4	14.0	13.8	13.9	15.2	13.8
No exemptions (%)	88.0	87.5	85.4	86.1	83.4	83.6	83.4	82.0	83.9
Total (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
TAFE exemptions as % of TAFE-based entrants	42.2	42.4	39.9	40.8	36.5	35.2	36.6	40.9	33.8

Source: DEST, Higher Education Statistics Collection, cited Nelson 2002, p. 11, Table 6 (adapted)

2.2 Credit granted by universities for TAFE study

The numbers and types of students transferring from VET to university courses are important features of the articulation between the two sectors. The critical information for understanding the use of TAFE courses as a means for avoiding HECS payments, however, is the extent to which exemptions or credits are granted towards higher education courses for TAFE study. The first panel of Table 3 shows the numbers of students commencing degree courses (or below) in higher education by the extent and source of any exemptions for the period 1993 to 2001. It is taken directly from *Varieties of learning* (Nelson 2002, p. 11). It shows that in 2001, 5181 students commencing bachelor degrees (or below) received some exemptions on the basis of their TAFE studies-completed or otherwise. The issues paper observes that:

Over the period 1993 to 2001, growth in the number of students receiving exemptions (85%) far exceeded growth in total commencing students (38%). Growth in numbers receiving exemptions for TAFE studies was 98%. (p. 11).

This result is interpreted in the issues paper as clear evidence that the granting of credit in higher education for TAFE courses has increased substantially in recent years. It is the *only* evidence presented in the issues paper that bears directly on this phenomenon. Unfortunately, there is strong circumstantial evidence that the data and its interpretation are misleading.

The second panel in Table 3 shows the percentage growth to 2001 compared with the current year. These values are derived from the numbers in the first panel, but are not shown in the issues paper itself. The issues paper does use the first set of numbers in the second panel to compare the incidence of credit provision in 1993 with the incidence of credit provision in 2001. For instance, the preceding quote from the issues paper uses the values 98.0%, 83.4% (wrongly given as 85%) and 38% to show growth in TAFE credit, other credit and commencing students respectively from 1993 to 2001. It is on this basis that it concludes that granting of TAFE credit is growing much faster than the rate of new enrolments.

The issues paper does not show the growth rates for the intervening years—for instance, from 1994 to 2002. It is these intervening values that are shown in the second panel in Table 3. Although this is somewhat unusual, since the issues paper used this approach, we follow it through. The values for 1994 in the second panel show that the incidence of initial credit granted on the basis of a completed or partially completed TAFE course grew 34.2% between 1994 and 2001 compared with growth in commencing students of 32.0% in the same period.

The values in the second panel of Table 3 from 1994 onwards present a very different picture from the values for 1993. The values for 1994 suggest that granting of credit on the basis of TAFE courses grew at about the same rate as the number of commencing students between 1994 and 2001. The 1995 values suggest that granting of credit for TAFE study grew at a lower rate than that of the number of commencing students. If anything, the values for 1996 onwards suggest that proportionately fewer commencing students are being granted credit for TAFE study—precisely at the time when HECS payments were increased and the incentive to avoid HECS by enrolment in TAFE became stronger. These results are not consistent with the main contention of the issues paper.

The third and fourth panels in Table 3 display the results in the first and second panels in slightly different ways. The values in the third panel are derived from the second panel directly by subtraction. They show the *difference* between the growth rates of the various categories of credit from the growth rate for commencing students. Negative values in the first row show that the rate of growth of the granting of credit for TAFE studies to commencing students is less than the rate of growth of commencing students. This was the case from 1995 onwards.

The fourth panel simply percentages the values in the first panel within years. These are perhaps the most orthodox approach to analysing the values in Table 3. They show, for instance, that in 1994, 2.3% of commencing students received credit for their TAFE studies, while in 2001 it was 2.4%—hardly a major change.

The bottom line of Table 3 uses values from Table 1 to express the number of students receiving credit on the basis of their TAFE course as a percent of students gaining entrance to their course on the basis of a TAFE course. Since there is no necessary connection between entry to university based on a TAFE course and obtaining credit, these results are at best only indicative. Nevertheless, they show that there has been no apparent increase (and possibly some decline from 42.2% in 1993—or possibly better, 42.4% in 1994—to 33.8% in 2001) in the extent to which commencing students who are admitted on the basis of a TAFE course

receive credit for that course. This is hardly consistent with the concept of a rapid growth in VET-based exemption in higher education.

A clear break in the behaviour of the series presented in Table 3 occurs between 1993 and 1994. Such a break prompts a search for explanation. We know of no change in policy or articulation arrangements between TAFE and university that would explain the quite dramatic increase in the provision of credit for TAFE studies in universities between these two years. The documentation for the *Higher Education Students Collection*, however, points to a possible explanation. That documentation notes a change in the coding of the element that records the granting of initial credit for commencing students. The coding used from 1989 to 1993 included a DEETYA code of 'N' to note universities that did not supply information on granting of credit. From 1994 onwards, this code disappears. Such a change suggests that the recording of the granting of initial credit improved between 1993 and 1994—that universities that did not supply the information in 1993 were required to supply it in 1994. If this were indeed the case, the 1993 values for granting of TAFE credit would be downwardly biased. This conjecture is consistent with the behaviour of the series and suggests that 1993 is an inappropriate basis for comparison with later results.

2.3 Impediments to HECS-avoidance

The question is perhaps not what should be done about HECS-avoidance activities, but rather why is there apparently so little HECS-avoidance? and why hasn't HECS-avoidance increased?

Students who enrol in TAFE courses may avoid HECS and pay lower fees, but only at a cost. TAFE students only rarely receive full credit towards a university course—one year of a TAFE course rarely converts into one year's credit towards a university qualification.

The web site of the Australian Qualifications Framework (AQF) gives the time typically taken to complete a Diploma or an Advanced Diploma:

Time taken varies according to the particular pathways and industry involved, with full time study at a university or vocational education and training institution typically involving the equivalent of two years for the Diploma and up to three years for the Advanced Diploma -- www.aqf.edu.au/dips.htm

An inspection of course descriptions on the web sites of various TAFE institutes suggests that these qualifications can sometimes be completed more quickly than specified by the AQF. Table 4 shows a selection of TAFE courses, their expected full-time equivalent duration and, where available, the credit granted for that course in a related three-year degree course. Course descriptions show that both Diplomas and Advanced Diplomas can typically be completed in two years of full-time equivalent study. Some courses in Table 4 are articulated. For instance, the second entry, Advanced Diploma in Business Management, consists of a Certificate IV of one year full-time equivalent study, a Diploma of one year full-time equivalent study and then a further half year of study to obtain the Advanced Diploma qualification. This pathway is shown in the table as 1 + 1 + 0.5 for years of duration. The issues paper cites the *AVCC National TAFE-University Credit Transfer Schemes*. At the most general level, credit for completed TAFE qualifications is governed by this recent agreement between the Australian Vice-Chancellor's Committee (AVCC) and the Australian National Training Authority (ANTA). It states that:

[Students] who have a completed TAFE Diploma (formerly Associate Diploma) or a Certificate IV (Nursing only) . . . [may] get a minimum of:

- 33% credit for a Diploma, in a related three-year undergraduate course, or
- 25% credit for a Diploma, in a related four-year undergraduate course, or

- 16.5% credit for a nursing Certificate IV, in a nursing degree course only.

- AVCC National TAFE-University Credit Transfer Schemes

www.avcc.edu.au/policies_activities/teaching_learning/credit_transfer/acts.htm

There are some further requirements before credit is granted-principally that a given university participates in the agreement for the particular field of study. Importantly, however, the agreement does not cover entry to the course. Somewhat ironically, a TAFE graduate may be in principle eligible for credit in a university course that they are not allowed to enter. A university can also require a minimum level of performance beyond simply passing modules (or being competent in modules) within the TAFE qualification before recognising it for credit.

The *Undergraduate Articulation and Credit Transfer Policy* of Victoria University (which includes a TAFE institute) states the national policy more clearly:

The University will normally grant a minimum credit transfer of 33 per cent in a three-year Bachelor Degree program or 25 per cent in a four-year Bachelor Degree program for a completed two-year TAFE Associate Diploma, Diploma, or Advanced Diploma in the same field;

Credit may also be granted for prior study in an unrelated field;

The University will consider granting the highest level of credit consistent with student's previous studies and their chances of success in a course, up to a maximum of the equivalent of two-years in a three-year Bachelor Degree or three years in a four-year Bachelor Degree; and

To be granted credit, student's previous studies would normally be completed within the 10- year period prior to enrolment. However, in rapidly changing areas only more recent study may be relevant. [italics added]

Recognition of Learning-Pathways, Credit Transfer & RPL.

<http://www.vu.edu.au/content/admissions/RecLearning.PDF>

Table 4 Duration of selected TAFE awards and associated specific credit

Award	Duration (eft years)	Credit for Degree ¹	State
Advanced Diploma of Accounting	2.0	1.5	VIC
Advanced Diploma of Business Management	1.0+1.0+0.5	1.5	VIC
Diploma of Business Management	1.0 + 1.0	1.0	VIC
Advanced Diploma of Community Services (Management)	1.0	na	VIC
Advanced Diploma of Justice	2.0	na	VIC
Diploma in Horticulture	2.0	na	VIC
Diploma of Building	2.0 + 2.0	na	VIC
Advanced Diploma of Electronics Engineering	2.0	1.0	VIC
Advanced Diploma of Computer Science	2.0	0.5	VIC
Advanced Diploma of Computer Systems Engineering	2.0	1.0	VIC
Diploma of Recreation (Sports Coaching/Administration)	2.0	0.25	VIC
Advanced Diploma in Hospitality (Management)	1.0+1.0	1.0	VIC
Advanced Diploma in Accounting	1.0 + 1.0	1.0	VIC
Advanced Diploma of Graphic Design	1.0 + 1.0	1.0	VIC
Diploma of Liberal Arts	2.0	1.0	VIC
Diploma of Arts (Graphic Arts)	2.0	1.0	VIC
Diploma of Applied Science (Animal Technology)	1.0 + 1.0	1.0	VIC
Diploma in Natural Resource Management	2.0	1.0	VIC
Advanced Diploma in Accounting	2.0-2.5	1.5	SA
Diploma in Accounting	1.5	1.0	SA
Advanced Diploma in Conveyancing	1.0+	1.0	SA
Any Apprenticeship	3.0 - 4.0	0.3	SA
Certificate IV in Assessment & Workplace Training	1.0	0.5	SA
Associate Diploma in Build Technology	2.0+	0.5	SA
Diploma Computer Systems Engineering	1.5	1.0	SA
Certificate IV in Conveyancing	1.0+	0.5	SA
Diploma of Information Technology (Systems & Appns)	1.0	1.0	SA

Source: Web sites for Swinburne University of Technology and Victoria University; *Credit Transfer and Articulation: TAFE to South Australian universities. July, 2002*, DETE, Adelaide - www.tafe.sa.edu.au/vet_div/irsi/credittransfer/2002_directory.pdf; and web sites for Adelaide University, Flinders University and the University of South Australia. [Best estimates]

The maximum credit available under this policy appears very generous. Unless there is a one-to-one correspondence of modules in the TAFE course with subjects in the university course, however, there seems to be limited scope for its implementation. Some States have developed this concept further. For example, the South Australian Department of Education, Training and Employment recently released a listing of credit transfer and articulation arrangements between South Australian TAFE (as a sector) and each of the South Australian universities, to facilitate movement of students in both directions (Department of Education, Training and Employment, 2002).

Just as differences can occur between national policies and their implementation in particular universities, differences can exist between university policies and their implementation. Examination of the role of credit for TAFE study in higher education needs to consider not only university policies on credit transfer from TAFE, but also the actual amount of credit granted.

Varieties of learning (Nelson 2002, p. 11) presents a graph that shows for 2001 the amount of credit (as a percent of the course) received by commencing students who receive some credit for prior TAFE study (either a complete or incomplete qualification). The numbers on which the graph is based are not shown. Nevertheless, it is possible to (roughly) read the values from the graph. The text states that 'over three-quarters of those students who received an exemption as the result of prior TAFE studies received it for a third of their course or less' (Nelson 2002, p. 11). Bearing in mind the approximation involved, it appears that about 95% of the students receive credit for half their course or less. Only about 2% receive credit for two-thirds of their course or more.

Only about 2.4% of commencing university students receive some credit for their completed or partially completed TAFE course (Table 3). If we assume that students who receive credit for more than 50% of their TAFE studies are 'problematic' from the perspective of HECS-avoidance, then the number of students involved is fewer than 500—the 5.0% of students who receive credit for more than 50% of their course of the 2.4% who receive some credit for their TAFE studies of the 219,597 commencing university students. This is a very small number.

2.4 Overseas students

The analyses presented in *Varieties of learning* do not (apparently) exclude overseas students. Any HECS-style system for TAFE would presumably be available only to Australian students.

In 2001 overseas students were 17% of commencing degree (or below) students (DEST 2002). Some universities, in collaboration with TAFEs, are advertising a cheaper path to an Australian degree for overseas students by initial study in TAFE. The education of overseas students is a substantial industry in Australia and an important source of overseas earnings.

The promotion of a TAFE-university pathway for overseas students need not threaten national earnings from overseas students. If TAFE and universities accurately charge full fees with the same level of surplus, this combined approach may provide a competitive edge for some Australian universities in the global market for overseas students.

Nevertheless, given the level of marketing of the option of prior TAFE study to overseas students, and the irrelevance of HECS avoidance overseas students, it would be interesting to see the analyses in the issue paper presented for Australian students only.

3. Conclusions

The issues paper *Varieties of learning*, part of the current *Higher Education at the Crossroads* review, deals at length with the transition of students from TAFE to university and the possibility of HECS avoidance. In order to consider HECS avoidance through TAFE studies a phenomenon of importance, the issues paper seeks to demonstrate that the level of credit transfer from TAFE to university is significant and growing. The evidence as reviewed here does not support the view that the level is significant and growing.

Varieties of learning canvasses several possible options for the interface between the VET and higher education sectors. Prominent among these is the introduction of 'joint courses'

where, for instance, the first full-time equivalent year (or possibly the first and second years) is taught at a TAFE as a diploma course which fully articulates into a degree program completed at a university.

Such a scheme might provide improved access for students in rural and regional Australia to higher education. The cost of higher education would be reduced if students could study at the local TAFE instead of living away from home to attend university. Credit transfer between TAFE and universities would be automatic, at no credit cost to the student. Such a system, however, increases substantially the possibility of HECS-avoidance and would, if it were widespread, strengthen the argument for a HECS-style scheme for fees at TAFE.

A move towards 'joint courses' presents considerable problems for TAFE and universities. TAFE institutes might find themselves in a subservient role to universities—diploma level course could lose their intrinsic value and become no more than the first one or two years of a university course. TAFEs would face a similar problem to schools where at least the latter two years of schooling are strongly structured by the needs of university entrance.

Universities at the moment clearly do not regard the first year of a diploma course as equivalent to the first year of a degree. The students entering diplomas are not the same as students entering universities. Indeed no evidence has been produced that shows students who qualify for an accessible university refusing a place in order to take the cheaper place in a TAFE diploma. The goals of diplomas are not the same as the goals of degrees. 'Joint courses' might well imply that current diplomas be restructured to meet the requirements of universities. Their value as an alternative pathway would disappear.

None of this discussion implies that credit transfer should not be expanded—and especially made more transparent and certain. At the moment the level of transfer from TAFE to university and the credit granted to those students on the basis of their TAFE studies is often minimal. What is implied, however, is a 'limit to credit transfer' imposed by the *difference* between VET and higher education courses. Currently this limit and the absence of one-to-one credit transfer arrangements impose costs on students that preserve VET as an *alternative* pathway to university, keeps HECS-avoidance to minimal levels and may help maintain the integrity of the VET programs.

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