

# A QUALIFICATIONS FRAMEWORK FOR THE FUTURE

CPA AUSTRALIA'S SUBMISSION TO THE  
AQF REVIEW PANEL

15 March 2019

# EXECUTIVE SUMMARY

Eight years is a long time in an environment where the way we work, learn and credential learnings and capabilities are fast morphing. Eight years is how long it has been since the Australian Qualifications Framework (AQF) was last reviewed. It is not enough to play catch up and retrofit the AQF to today's post-secondary education landscape. The challenge is to devise a framework that sits at the centre of a reimagined ecosystem. Major reform is a priority. CPA Australia encourages governments to act together in the national interest and embrace the opportunity that this Review provides for bold and meaningful reform.

## **In the absence of change, the AQF will become increasingly unfit for purpose**

The AQF is already falling short of its objectives of providing a contemporary and flexible framework that:

- *accommodates the diversity of purposes of Australian education and training now and into the future*

Rapidly emerging alongside education and training provided by traditional higher education and vocational providers that after an extended time result in broad qualifications, is a new world of opportunities to learn in non-traditional settings and acquire shorter form credentials that recognise both learnings gained and capabilities demonstrated.

- *contributes to national economic performance by supporting contemporary, relevant and nationally consistent qualification outcomes which build confidence in qualifications*

The new world just described sits largely outside of the AQF, despite its many interfaces as traditional qualifications are unbundled to form shorter form credentials, and as shorter form credentials are accumulated to form mesa-credentials or qualifications. In the absence of a common standard (the AQF) there is little to provide confidence regarding the quality, level and veracity of learning. National economic performance is undermined as this mutes signals to learners, providers and employers alike, thereby frustrating both recognition and exchange.

- *supports the development and maintenance of pathways which provide access to qualifications and assist people to move easily and readily between different education and training sectors and between those sectors and the labour market*

Rather than smooth pathways between vocational and higher education qualifications an argument could be made that, by making separate accommodations for the two sectors, the AQF has resulted in increased friction. Particularly as separate funding and regulatory approaches have built up around the two.

Transcripts evidencing qualifications earned in either sector do little to communicate the learnings and capabilities demanded by employers. Social and enterprise skills feature prominently and towards the tops of employers lists' of demands.

The opportunity is for shorter form credentials to create multiple frictionless pathways into, out of and between the formal and non-formal sectors and the labour market. This is of particular value to important cohorts of learners, such as those from low socio-economic backgrounds. However, as most shorter form credentials sit outside of the AQF, it is not currently possible to fully realise this opportunity.

- *supports individuals' lifelong learning goals by providing the basis for individuals to progress through education and training and gain recognition for their prior learning and experiences*

Under current arrangements individuals' lifelong learning endeavours are frustrated by:

- the long time it takes to acquire recognised qualifications when for many extended periods of study is neither feasible nor desired;
- measures of volume of learning, which are time-based, and do not handle well prior learning and experiences in workplaces or elsewhere; and
- funding arrangements that support initial traditional qualifications, and neither reskilling nor continuous learning throughout life.

In the absence of holding any formal qualifications, the AQF provides no support to 'new collar' workers' endeavours to evidence their transportable capabilities, despite employers' demands. The AQF pays only cursory attention to social and enterprise skills, and indirectly recognises only a limited number of types of shorter form credentials.

- *underpins national regulatory and quality assurance arrangements for education and training*

Separate regulatory and quality assurance arrangements have built up around the higher and vocational education sectors, frustrating the preferences of many for a seamless ecosystem.

- *supports and enhances the national and international mobility of graduates and workers through increased recognition of the value and comparability of Australian qualifications*
- *enables the alignment of the AQF with international qualifications frameworks.*

Recognition of the value and comparability of Australian qualifications is currently hampered by the:

- AQF's differential treatment of higher and vocational education;
- lack of detail and transparency regarding the learnings gained and capabilities developed in the process of acquiring traditional qualifications;
- absence of recognition of shorter form credentials that may or may not build towards full qualifications; and
- passage of time during which other jurisdictions and regions have revised their qualifications or reference frameworks and standards, allowing for the possibility that the AQF becomes misaligned and relatively dated.

### **Bold and meaningful reform is a priority**

A reformed AQF could sit at the centre of a reimagined post-secondary education ecosystem where learners choose their own journeys and travel frictionless pathways over their lifetimes between the offerings of traditional and non-traditional providers.

The Review should position the AQF as an enabler, and not a barrier, to the utility and quality of all forms of credentials. It is, therefore, imperative that a reformed AQF:

- be extended to shorter form credentials;
- recognise social and enterprise skills;
- provide for competency based measures alongside credit based systems; and
- facilitate the international pathways of globally mobile learners.

The AQF Review should be seen as the start, and not the end, of a broader reform process. To effect real change will require Commonwealth and state governments to rise above parochial politics and devise national approaches to regulating credentials of any length, and supporting all post-secondary learners.

## Recommendations

CPA Australia recommends that:

1. shorter form credentials have the option to be included and thereby recognised in the AQF;
2. the AQF become two-dimensional capturing both the level and granularity of learnings and capabilities;
3. the AQF descriptors be simplified to ensure that levels are clearly distinguished;
4. the AQF Review Panel resists the temptation to differentiate level descriptors by provider-type, as this would risk introducing friction into pathways;
5. recognition of social and enterprise skills within the AQF is:
  - a. strengthened, but
  - b. *not* achieved by attempting to list all relevant skills as they are context specific and relevancy will change over time;
6. the AQF provides guidance on social and enterprise skills that could fall under its umbrella;
7. further work be undertaken to determine relevant criteria that:
  - a. *does not* require social and enterprise skills be taught in the context of qualifications' core content and acquired through the process of teaching, but
  - b. *does* require they be assessed and reported in ways that are fair, valid and reliable *provided* this is purposively interpreted;
8. the AQF allows for both credit hours *and* competency based measures;
9. the AQF aligns with, and can be mapped to, key international qualification reference frameworks and standards;
10. the AQF Review Panel encourages Commonwealth and state governments to establish a single national post-secondary education regulatory body to provide oversight of all AQF credentials of any length; and
11. the AQF Review Panel encourages Commonwealth and state governments to devise future funding support arrangements that are credential neutral, give agency to learners, and support lifelong and life-wide learning.



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# INTRODUCTION

Technological advancements and the increasing availability of shorter form credentials of learnings and capabilities are transforming post-secondary education. The policy space, if it does not catch up quickly, runs the risk of standing in the way of positive developments designed to enhance the quality and experience of learning and to empower learners.

The AQF Review, by starting a process of change, can help make sure this does not happen. It provides an exciting opportunity to future-proof the AQF; and to ensure that it is an enabler of, and not a barrier to, the utility and quality of all forms of credentials. More expansively, a reformed AQF could sit at the centre of a future post-secondary education sector where learners choose their own journeys and travel frictionless pathways over their lifetimes between the offerings of traditional and non-traditional providers.

This is the aspiration that we, at CPA Australia, have for learners who spend parts of their journeys with us as they expand and enhance their capabilities in accounting and finance.

CPA Australia is one of the world's largest accounting bodies with a global membership of more than 163,000. Our members are distinguished by their degree equivalent qualifications and the additional education they undertake post-graduation in Australia or overseas.

Currently enrolments in our CPA Program number over 26,800. To provide a sense of perspective, if ranked against the enrolment count in Management and Commerce programs offered by Australian universities, CPA Australia would be first-placed, ahead of RMIT (with 25,200 enrolments) and Monash (with 22,000).<sup>1</sup> Certainly no other accounting program comes anywhere close. Another lens on the scale and global reach of the Program is exam sittings: last year they numbered 46,800 across 73 countries.

An accounting designation is neither the start nor the final destination of learners' journeys with CPA Australia. Before they embark on our pathways, we assure the quality and coverage of their degree level and above qualifications earned with others, by accrediting over 766 accounting programs offered by 257 higher education providers in Australia and in a further 21 countries around the world. If learners have gaps, then we have offerings that address them. If accountants wish to (literally) travel from overseas and migrate to Australia, CPA Australia assesses the relevance of their accounting qualifications and work experiences. Certified Practising Accountants (CPAs) and others continue their learning journeys with us as they engage with professional development opportunities. CPA Australia provides over 1000 global learning solutions, including over 650 workshops convened both locally and internationally, 400 online courses which can be accessed from anywhere, 160 tailored learning solutions, and 90 webinars that are broadcast around the world and recorded.

While some of our offerings fall under the AQF, most do not. This has been deliberate as the AQF limits our flexibility to be responsive to learner needs. But it is not our preference. Our preference is that the AQF not only provides our learners with confidence regarding the level and quality of the parts of their learning journeys with us, but that this helps them expand their choices of pathways to where their learnings might take them next, regardless of whether that is with us or with others, and whether their preferences change over time. That is, we want their journeys

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<sup>1</sup> Department of Education and Training, Higher Education Statistics Data Cube (uCube).

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to be self-guided and frictionless.

To prolong the life of a revised AQF necessitates that the Review Panel first have an eye to the future – the future of work, future learners and, importantly, the future of credentialing. Part I of this submission shares our insights as a professional accounting body on all three fronts. There we argue that a perfect storm is brewing irrespective of whether the AQF is reviewed or not. The challenge for the AQF is to be a force for good.

Part II of this submission draws out the implications of change for the AQF. It argues the imperatives of extending the AQF to shorter form credentials; recognising social and enterprise skills; providing for competency based measures alongside credit based systems; and facilitating the international pathways of globally mobile learners.

The AQF Review is a great start to supporting a positive future. But it is just that – a start. There is no regulatory oversight of the growing number of shorter form credentials to provide learners and employers confidence in their level and quality. Current arrangements to support learners and fund providers continue to preference traditional qualifications (Bachelor degrees) and traditional institutions (TAFEs and universities). They are a disincentive to potential learners whose appetite for learning may be small, targeted or time-limited. They are a disincentive to reskilling and upskilling. In the absence of Commonwealth support for places with short occupancy rates they are also a disincentive to providers diversifying their offerings. While beyond the scope of the Review, Part III flags the vital need for more holistic reform.

# PART I: THE FUTURE OF WORK, LEARNERS AND CREDENTIALING

A perfect storm is brewing:

- work is transforming at rates greater than we have ever seen before and smaller than we will ever see again;
- learners' appetites and expectations are changing in ways that sometimes make large servings of learnings too long and difficult to digest; and
- shorter form credentials for knowledge, technical, social and enterprise skills are increasingly being offered by traditional and non-traditional providers.

These changes are not coming. They are already here. And their presence is becoming increasingly visible and felt by all. The challenge for the AQF, during this time of transformation, is to support change for good and not stand in its way.

## FUTURE OF WORK

In the early 1990s science fiction writer, William Gibson famously observed that “The future of work is here – it’s just not evenly distributed.”<sup>2</sup> Fast forward a quarter of a century, the future of work is here, and it lies before us. It is widespread, and it is morphing at a rate that is only going to get faster and faster. Globalisation, new technologies and ways of doing things, including business model transformation, have made some jobs redundant, diminished others, changed many, and enabled the creation of new roles, most impossible to predict with foresight. A number of competing estimates of varying sizes can now be found about jobs that will exist in the future that have not yet been invented.<sup>3</sup> Data scientist, for example, is a rapidly growing new role today that most will have struggled to predict only a few short years ago.

However, at least as important is that so-called stable roles are anything but stable. Just as advances in data analytics is the underpinning of data scientists, it has become a critical element of existing roles, such as business and financial analysts. Indeed, one estimate is that two thirds of hiring for data analytical skills will be in existing jobs.<sup>4</sup>

The accounting profession provides a case study of how change is impacting the demands of employers. Two major forces of change are negatively impacting the demand for *traditional* accounting services: business model transformation and technological advancement. With regards to the first, in recent years low-level accounting services have been increasingly outsourced to foreign operators in low wage countries such as India and the Philippines, or to the offshore arms of large accounting firms in these locations. The second has seen routine highly

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<sup>2</sup> He reportedly first said this in an interview on Fresh Air, NPR that aired on 31 August 1993.

<sup>3</sup> The Institute of the Future estimate that 85 percent of the jobs that will exist in 2030 will be new (see The Next Era of Human-Machine Partnerships. Emerging Technologies' Impact on Society & Work in 2030, report prepared for Dell Technologies, 2017). More recently the World Economic Forum's 2018 report on the Future of Jobs estimates that by 2022, 27 percent of jobs will be new.

<sup>4</sup> Sigelman, S (2018) Skills not Jobs Pathway to Success in the Emerging Job Landscape, Presentation, Burning Glass Technologies.



repetitive tasks automated; the rise and rise of online accounting software services, provided by companies such as MYOB and Xero; and the displacement of accountants by the Australian Taxation Offices (ATO's) myTax system.

Yet, against this backdrop the demand for accounting professionals has grown and is projected to keep on growing. Between the last two Censuses the number of Accountants, Auditors, Company Secretaries and Corporate Treasurers employed expanded by 23,900 from 182,600 to 206,500 employees - an average year-on-year growth rate of 2.5 percent. Modelling by NCVER projects that by 2024 the number of people employed in these occupations will have increased by a large 53,100, representing an even more healthy rate of growth of 2.9 percent – the strongest of all professions modelled.<sup>5</sup>

So how do the two marry? Diminished demand for traditional accounting services and strong growth in the demand for accounting professionals? Some of the explanation rests with the pro-cyclical nature of the demand for accountants. That is, as the economy grows, so too does the derived demand for accounting professionals to assist in capitalising on the opportunities arising. But that does not explain the expected strength of future growth.

An important part of the explanation arises from how the profession is transforming itself. Advisory services now make up an estimated third of the services provided by the accounting services industry, reflecting strong growth driven by firms increasing their offerings of a full suite of value-added services.<sup>6</sup> Allrounders are sought for previously narrowly defined CFO roles. Today's CFOs are expected to play a key role in strategy and decision making, and to be digitally dexterous. One recruiter, Michael Page, refers to 'New Age CFOs'.<sup>7</sup> Another, Robert Half, sees CFOs as the new 'Chief Performance Officers (CPOs)' where the role emphasis is on driving performance and growth.<sup>8</sup> Further, the engagement of accounting and finance professionals in all aspects of organisations' operations is increasing as heightened attention is paid to compliance with standards and regulations, particularly given raised sensitivities following the banking royal commission.

The International Federation of Accountants (IFAC)<sup>9</sup> reminds us accounting is more than just a technical practice, as many perceive, it underlies and enables organisational action and much of human activity. In this way, accounting is fundamentally a social and moral practice, which guides and influences the behaviour of people in organisations and society.<sup>10</sup>

A review of Australia's top accounting firms collected respondents' insights on what they regarded as the most important skills for accounting professionals to be successful in the next five years.

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<sup>5</sup> Shah, C and Dixon, J (2018) Future job openings for new entrants by industry and occupation, NCVER Research, revised May edition.

<sup>6</sup> IBISWorld (2018) Accounting Services in Australia, IBISWorld Industry Report M6932, May.

<sup>7</sup> Ho Lee, S (2017) Most in-demand jobs and skills in Australia's finance and accounting industry, Michael Page, March.

<sup>8</sup> Robert Half (2018) Finance 2020, CFO Insights.

<sup>9</sup> IFAC is the global organisation for the accounting profession. It is comprised of over 175 members and associates in more than 130 countries and jurisdictions. IFAC supports the development of high-quality international standards, including education standards, and promotes their adoption and implementation.

<sup>10</sup> For an extended discussion see Tsahuridu, E and Carnegie, G (2018) Accounting as a Social and Moral Practice, July (available at <http://www.ifac.org/global-knowledge-gateway/ethics/discussion/accounting-social-and-moral-practice>)

Table 1 captures the responses of all firms combined. Two points are worth highlighting. The first is the priority placed on what is referred to in the context of the AQF Review as social and enterprise skills, notably critical thinking, problem solving and interpersonal skills (in all its different guises). The second is that while knowledge and technical skills remain important, prioritised is future skills, notably data analysis and management. Prioritised skills, whether technical, social or enterprise, are cross-disciplinary and transferrable, that add value to many roles, not merely accounting roles.

**Table 1 Accounting professionals' most important skills for the future**

Skills	T(echnical) S(ocial) & E(nterprise)	Share of respondents
Critical thinking, complex problem-solving	S&E	68%
Consultancy, advisory	S&E	67%
EI, communication, interpersonal skills	S&E	67%
Adaptability, agility	S&E	66%
Data analysis, data management	T	50%
Leadership	S&E	49%
Service-orientation	S&E	47%
People management, coordination, group work	S&E	47%
Specialised technological skills	T	43%
Judgement, decision-making	S&E	42%
General technological skills	T	42%
Sales, marketing, business development	S&E	40%
Collaboration	S&E	40%
Creativity, curiosity	S&E	36%
Technical, sector-specific expertise	T	27%
Negotiation, persuasion	S&E	27%
Other		8%

Source: AFR (2018) Top 100 Accounting Firms.

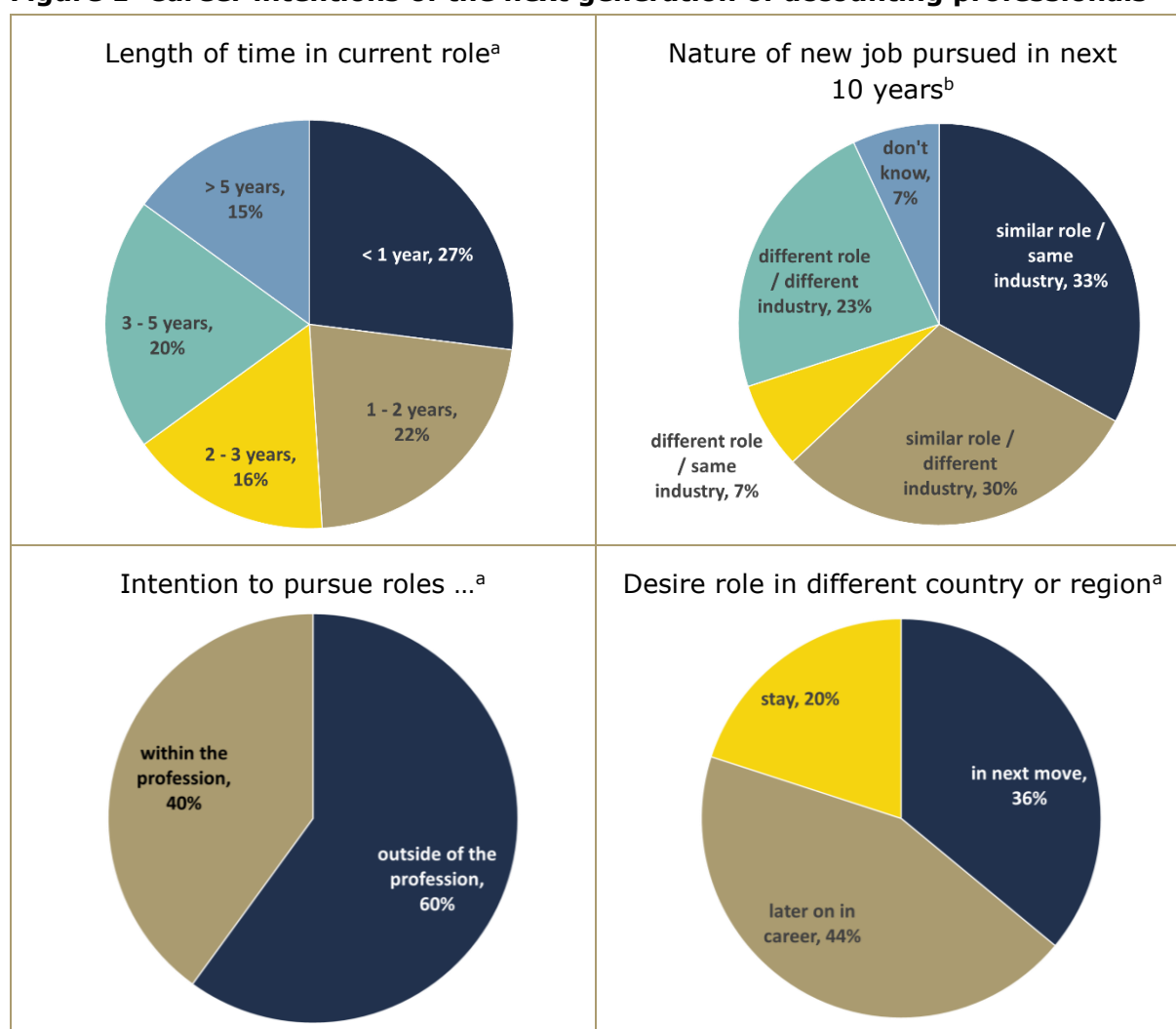
## FUTURE LEARNERS

Long gone are the days when people complete their education, start a job which they keep for life, and where their single ambition is to climb the corporate ladder. As we have just noted, jobs are coming and going at an accelerating rate. At the same time, people are changing jobs and careers at frequencies not seen before. Last year over one million Australians changed jobs and more than half moved to a different industry or career.<sup>11</sup> That is, while they may start with qualifications in certain disciplines, they may use and extend their knowledge, technical, social and enterprise skills in a variety of roles over their working lives.

<sup>11</sup> Australian Bureau of Statistics, Participation, Job Search and Mobility, Australia, February 2018, 9 August 2018 (category number 6220.0).

Just as above, the experiences and ambitions of the next generation of accounting professionals usefully illustrates this point. The charts in Figure 1 draw on large surveys of young early career accounting professionals. What they convey is that close to half have been in their current role for two years or less; of those who planning to pursue a new job within the next ten years, three in five are looking for change within the next ten years and over half are contemplating a different industry; two out of three intend to pursue roles outside of the accounting profession; and four out of five desire roles in a different country or region.

**Figure 1 Career intentions of the next generation of accounting professionals**



Sources: a ACCA (2016) Professional accountants – the future: Generation Next.

b CAANZ (2016) The Future of Work: How Can We Adapt to Survive and Thrive? *future[inc]*

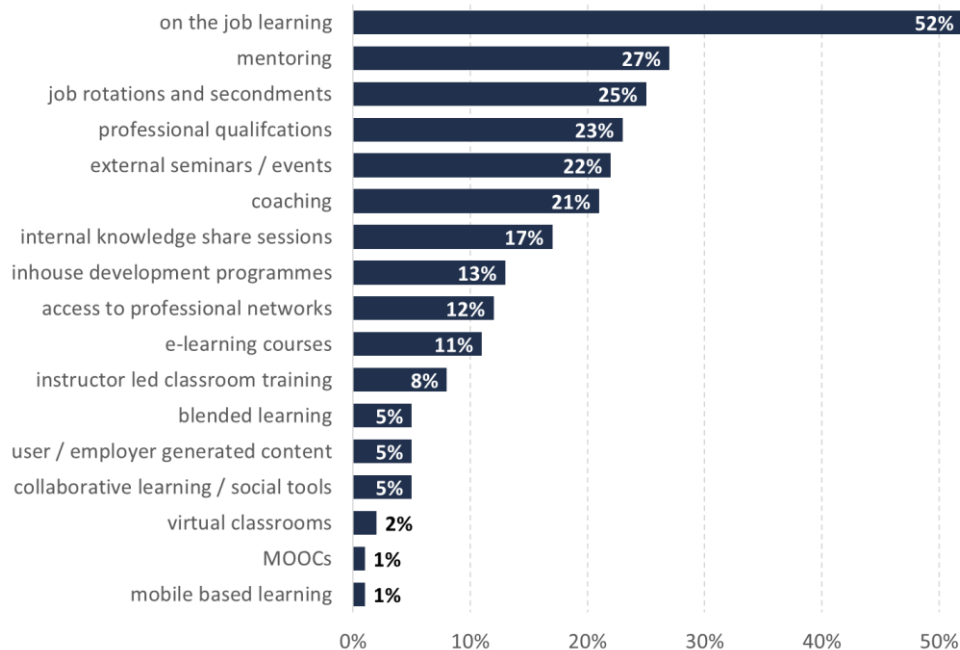
These young professionals are therefore not merely interested in continuous lifelong learning, they are interested in 'life-wide' learning – acquiring knowledge and skills and demonstrating capabilities that are transferrable across diverse roles and multiple careers.<sup>12</sup> Topping their lists

<sup>12</sup> The importance of both lifelong and 'life-wide' learning is discussed in Finkelstein, J (2018) The Evolving Transactional Nature of Credentialing: The Future of Alternative Credentials, *2018 A Year in Review*, The

of how to learn, is not taking time out to return to extended periods of study. Figure 2 indicates their preferences for:

- convenient, short, just in time opportunities to learn and develop;
- real life work-integrated experiential learning; and
- personalised learning experiences.

**Figure 2 Preferred learning activities of young accounting professionals**



Source: ACCA (2016) Professional accountants – the future: Generation Next.

Young accounting professionals are not unique, at least not with regards to their learning preferences. Motivated by the observation that with increasing life expectancy today's young will have more time at their disposal to study, work, play and spend time with their families and friends, a Deloitte commissioned survey asked near on 4000 Australian workers aged 18 and over about their learning preferences.<sup>13</sup> Selective findings of relevance to the AQF Review were that:

- study interested workers were likely to prioritise job-specific learning, with 68 percent placing more importance on skills-based training over formal qualifications;
- 30 percent of study interested workers were doing non-AQF qualifications, including pursuing professional accreditation, informal credential training, individual units of study and informal non-credentialed learning;
- a larger share (38 percent) of workers who intended to study in the next three years were planning to engage in non-AQF learning experiences;

EvoLLLution, pp 61-64.

<sup>13</sup> Deloitte (2018) Higher education for a changing world. Ensuring the 100 year- life is a better life.

- the most popular option for study arrangements was a series of bite sized courses, with 30 percent of study interested workers indicating their preference for this option; and
- while there was low awareness of micro-credentials, once explained, close to two thirds (65 percent) thought they would be valuable to their careers (21 percent were unsure).

Examined together, these findings indicate that Australian workers have a strong preference for work-relevant continuous bite-sized learning that enables them to balance learning with work and other life priorities.

## FUTURE OF CREDENTIALING

The former Vice Chancellor of Melbourne University, Professor Glyn Davis, has observed two cycles of innovation disrupting post-secondary education.<sup>14</sup> The first was technology – online models of learning, particularly MOOCs - catering to the masses and offering content for free. The second, is the unbundling of traditional qualifications, into shorter forms of credentials.

Figure 3 (over the page) depicts the emerging situation for credentials in the higher education sector. A similar diagram could be drawn for vocational education. The historic situation, which will be familiar to all, is depicted in the bottom left-hand corner: broad qualifications that take a long time to achieve, such as Bachelor degrees offered by universities.

While there is no suggestion that this world will not continue to persist, a new world is emerging that co-exists and interacts with the old. This is depicted in the top right-hand corner. This is the world that in large part currently exists outside of the AQF. It is responsive to the demands of employers and aligns with the preferences of today's learners, just examined.

The curriculum is being unbundled – separating out knowledge, technical, social and enterprise skills. Credentials, both short (nano-degrees, micro-masters, certificates of competency, certificates of MOOC completion, badges ... ) and long, are being offered by both traditional and non-traditional providers, such as employers and professional bodies, sometimes in partnership. These credentials recognise the attainment of targeted learnings and capabilities, either through the engagement with learning experiences and/or assessment. Shorter form credentials are being accumulated and 'stacked' to form clusters of complementary skillsets and, in some instances, formal qualifications. In some jurisdictions (for example, Malta) and in some institutions (a recent example being the University of Melbourne<sup>15</sup>) they are being stored

### Case Study P-Tech

P-Tech is one (of an increasing number of) example(s) of how traditional and non-traditional players partnering for good. Initiated by IBM in 2011, P-Tech integrates high school, college and workplace learning for the specific purpose of addressing an identified global skills gap in the IT industry. The program targets disadvantaged learners. Today P-Tech provides relevant applied learning experiences for students at 110 schools in eight states in America and overseas (in Australia, Morocco and Taiwan). Students who may have otherwise been at risk of dropping out earn a high school diploma, an associate degree and have a pathway to a full degree.

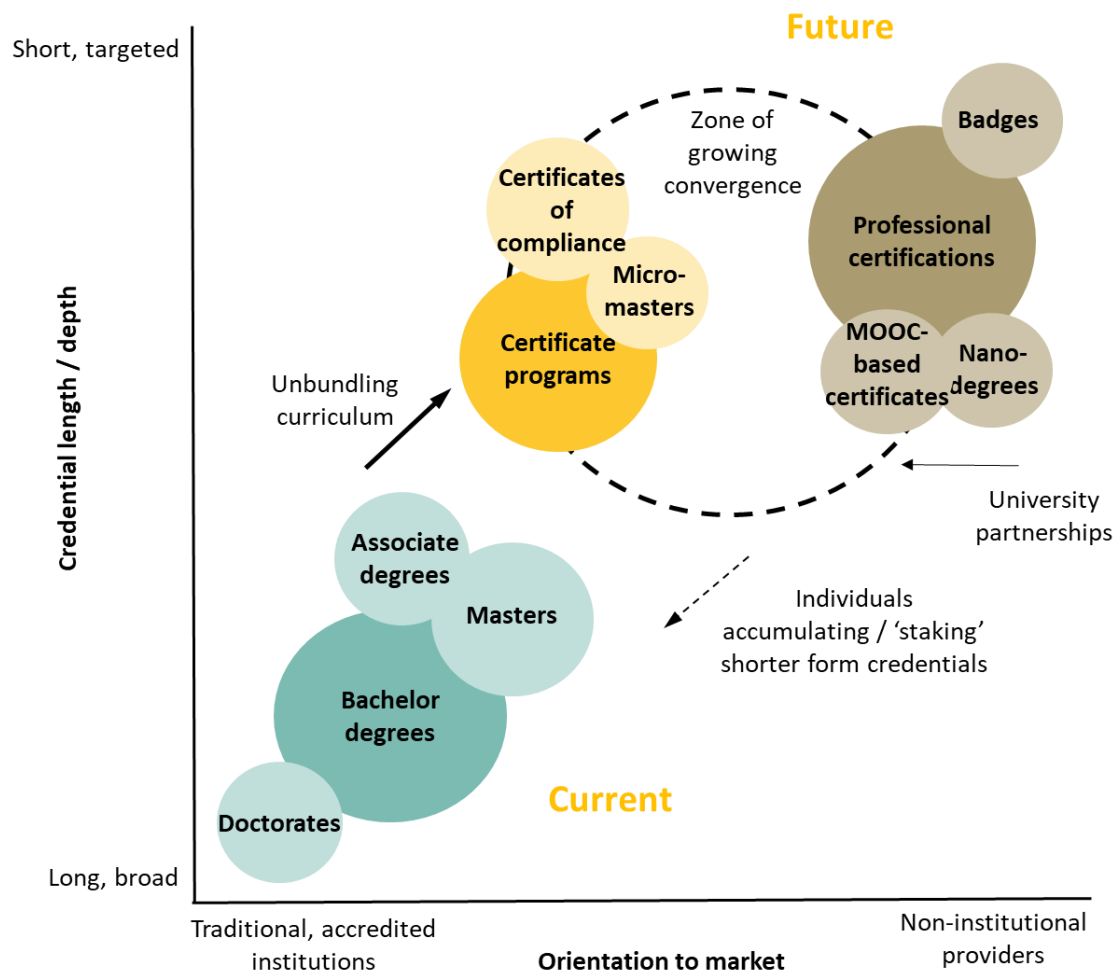
For more information visit [www.ptech.org](http://www.ptech.org)

<sup>14</sup> Davis, G (2017) The Australian Idea of a University, MUP, Melbourne.

<sup>15</sup> In 2017 the University of Melbourne, using the Learning Machine issuing system, became the first university in the Asia-Pacific to issue credentials on the blockchain (see [about.unimelb.edu.au/newsroom/news/2017/october/university-of-melbourne-to-issue-recipient-owned-](http://about.unimelb.edu.au/newsroom/news/2017/october/university-of-melbourne-to-issue-recipient-owned-)

and traded on the blockchain. While the use of this technology is in its infancy, it is quickly gathering steam.

**Figure 3 Future of credentials**



Source: Adapted from Gallagher S (2016) The Future of University Credentials, Harvard Education Press, p 6.

This is not an original take on the future of credentialing. This future is becoming increasingly visible here and is highly visible in the United States. A survey of 190 higher education institutions finds that most (94 percent) offered alternative credentials, and close to two thirds (64 percent) either strongly or somewhat agreed that alternative credentials were an important strategy for their future (with only six percent disagreeing).<sup>16</sup> And that was undertaken three years ago.

Two recent takes on education in 2030 include scenarios where shorter form credentials and the

blockchain-records).

<sup>16</sup> Fong, Janzow and Peck (2016) Demographic Shifts in Educational Demand and the Rise of Alternative Credentials, Pearson and UPCEA.

blockchain take center stage. Under EY's disrupter university scenario,<sup>17</sup> continuous learners and their preferences for on-demand shorter form credentials dominate. Businesses recognise a diversity of learning experiences and capabilities credentialled by traditional and non-traditional providers. These are held in digital learning passports underpinned by the blockchain. HolonIQ's peer-to-peer scenario sees individuals collect shorter form credentials from a high number and broad range of providers. These are stored on the blockchain where individuals construct their own collection of relevant skills, knowledge and experiences. Power to access and share credentials moves from providers to individuals.

These worlds fall largely outside of the AQF. Professor Davis cautions the Government not to stand in the way of change. EY's scenario is of a hands-off government that deregulates the sector to drive competition and efficiency. Under HolonIQ's scenario 'alternative accreditation' under peer market rating systems dominate outside the purview of traditional education regulators. While elements of each may occur, we argue that the Commonwealth and state governments have a positive and critical role to play to enable and ensure the quality, recognition, transparency, comparability, portability, and liquidity of all forms of credentials, both long and short.

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<sup>17</sup> EY (2018) Can the universities of today lead learning for tomorrow? The University of the Future.



## PART II: IMPLICATIONS FOR THE AQF REVIEW

A reformed AQF could sit at the centre of a reimagined post-secondary education sector where learners choose their own journeys travelling frictionless pathways over their lifetimes between the offerings of traditional and non-traditional providers.

The opportunity and challenge that the Review presents is to ensure that the AQF is an enabler, and not a barrier, to the utility and quality of all forms of credentials. In this Part of the submission we argue the imperatives of:

- extending the AQF to shorter form credentials;
- recognising social and enterprise skills;
- providing for competency based measures alongside credit based systems; and
- facilitating the international pathways of globally mobile learners.

### EXTEND TO SHORTER FORM CREDENTIALS

The impact of the future of work on employers' demands for knowledge, technical, social and enterprise skills, together with learners' appetite for continuous lifelong and life-wide learning, suggests that there is indeed value in learners' ability to:

- signal their knowledge, technical, social and enterprise skills;
- know where the gaps in their learning are and evidence where any have been supplemented or bridged;
- gain recognition for what they have learnt on the job or in other contexts; and
- stack credentials sourced from the same or different providers to form clusters of complementary skillsets or traditional qualifications;

Shorter form credentials enable this and are well on their way to penetrating the practices and preferences of employers. In the accounting world, large international consulting firms, such as PricewaterhouseCoopers, EY, KPMG and Deloitte, have removed their degree requirements for entry, preferring to judge candidates on their knowledge, skills and capabilities.

A similar phenomenon in the technology sector has seen the rise of what is referred to as 'new collar' workers. New collar workers are a hybrid of white and blue collar workers. They do not hold formal qualifications. They do not work in the trades. What sets them apart are their technical and social and enterprise skills that make them effective in IT roles and in demand. These may have been acquired through vocational training, in-school programs, software boot camps, on-the job or via other non-traditional means (such as the P-Tech case study in Part I).<sup>18</sup>

Whether in accounting, technology or other roles, shorter form credentials can evidence the abilities of new collar and other hybrid workers and their alignment to what employers are after.

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<sup>18</sup> For an extended discussion on this point see Bubenik, S (2019) New-Collar Workers- Who Are They And How Are They Contributing To Our Labor Shortage? *Forbes*, 24 January.



However, in order to make sense of the evidence, and to facilitate the utility and liquidity of shorter form credentials intended to provide recognition and be traded, there needs to be recognised standards against which they can be measured, compared and validated. Such standards not only facilitate transparency, recognition and trade, they act as a safeguard that can build trust amongst learners, employers and institutions alike. After all, the root word of credential is 'credence', suggesting the importance of acceptable standards to credibility and legitimacy,

The AQF is in a good position to set the standards. CPA Australia suggests it should. However, not in its current form. Under this header we suggest framework changes to enable their inclusion. Under the headers below we propose changes in scope, measurement and alignment.

CPA Australia is encouraged by the starting preference communicated in the discussion paper and related documents to include shorter form credentials within the AQF. Other countries, such as Scotland, Ireland, Denmark and Hong Kong have led the way and demonstrated what is possible. While adopting an approach that categorises different types of shorter form credentials at different levels, as has been done in the qualification frameworks of these countries, would be a step in the right direction, we urge the Review Panel to literally think outside the 'boxes' and explore another way to enable frictionless pathways. The risk of boxes, however drawn, is that they may prove an uneasy fit for some shorter form credentials currently on offer, and they constrain how shorter form credentials may evolve in their absence. For instance, it is unclear where credentials currently on offer that recognise capabilities gained through experience would sit within the proposed framework

CPA Australia's proposal is that the current one-dimensional approach constrained to the qualifications earned upon completion of vocational and higher education programs, be extended horizontally to include a second dimension that measures the accumulation of learnings and capabilities and does not differentiate between provider type. The benefits of this 2D approach are that it:

- recognises the value of traditional programs, which may either be acquired by full programs of study or through the accumulation of learnings and capabilities at the appropriate levels;
- continues to set the standard for the level of learnings or capabilities demonstrated;
- introduces granularity regarding their extent by adding the horizontal dimension;
- includes both learnings and capabilities along the horizontal dimension, in recognition of the reality that the emerging ecosystem of credentials either attest to demonstrated practical application (capabilities) or evaluated academic achievement (learnings);<sup>19</sup>
- allows for frictionless and uncomplicated pathways, both horizontally and vertically;
- can capture within it courses that provide a vertical bridge from one level to the next;
- can capture within it courses that supplement learnings thereby providing a horizontal bridge;
- does not differentiate by provider type and thereby facilitates pathways between types;
- does not presume to name or box credential types, allowing for innovation in their continued evolution, while still enabling credentials to be recognised by level and granularity; and
- provides a standardised way of describing and communicating credentials, whether short or long, that can be understood by employers and others. A complaint amongst employers is that they are confused by the range and diversity of credentials they are seeing on resumes.<sup>20</sup>

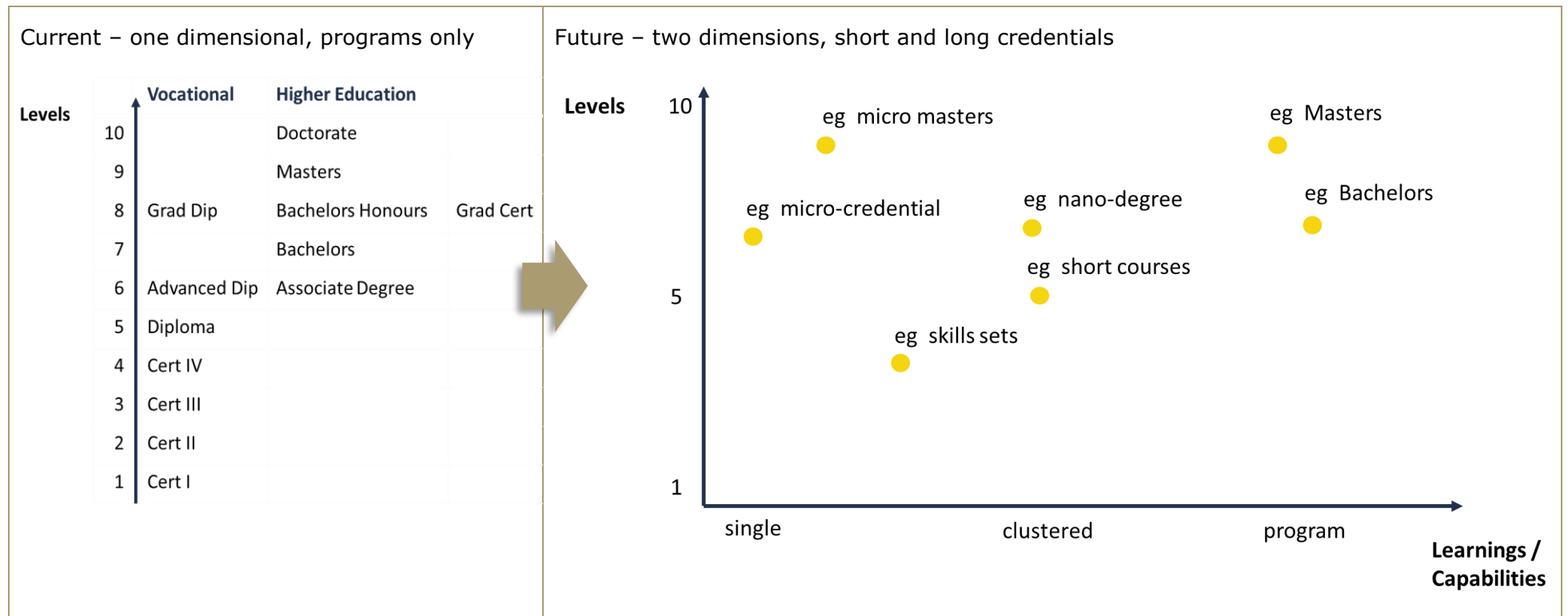
<sup>19</sup> ICDE Working Group (2019) The Present and Future of Alternative Digital Credentials (ADCs).

<sup>20</sup> Gallagher S (2016) The Future of University Credentials, Harvard Education Press, p 6.

## Recommendations

CPA Australia recommends that:

- shorter form credentials have the option to be included and thereby recognised in the AQF; and
- the AQF become two-dimensional capturing both the level and granularity of learnings and capabilities.

**Figure 4 Current vs future AQF**

CPA Australia supports the proposal to revise descriptors for the purpose of simplifying and ensuring clear distinctions between levels. This is important for avoiding unnecessary friction caused either by confusion or by differences between qualifications at the same level but potentially in different sectors.

A live example of unwarranted friction is the Education Pathways Policy for financial advisors released just two months ago (in January) by the Financial Adviser Standards and Ethics Authority (FASEA).<sup>21</sup> The minimum requirement for advisers is a relevant AQF level 7 or above qualification. The Policy, however, narrows what is relevant to qualifications issued by Tertiary Education Quality and Standards Agency (TEQSA) approved providers. The perversity of this narrowing is that it effectively thwarts the Financial Services Industry Reference Committee's plans to develop graduate diplomas in financial planning – AQF level 8 qualifications – and, thereby, offer practical and more affordable options. This situation arises because Registered Training Organisations (RTOs) are regulated by the Australian Skills Quality Authority (ASQA) and not TEQSA.

The distinction potentially reflects perceptions about the differential quality of approved RTOs relative to higher education providers approved by TEQSA. While this is a matter we return to in Part III, the key point we stress here is that the behaviours of rogue providers should not colour regard for all RTOs nor disadvantage graduates.

It may also reflect perceptions regarding the relative complexity of vocational and higher education qualifications at the same AQF level. The flipside is the point made in the discussion paper and raised in face-to-face consultations: the program requirements of vocational qualifications typically include more opportunities for the application of knowledge and skills and, thereby, greater autonomy.

While CPA Australia acknowledges that there is a case for recognising these differences, we argue that there is an even greater case not to. In particular, it would risk:

- creating complexity and thereby friction when the objective is to smooth pathways;
- reinforcing differences in the perceptions and treatment of vocational and higher education, when the opportunity is for more harmonious treatment of the two;<sup>22</sup> and
- importantly, by extension it would suggest that there should also be differences in the treatment of shorter form credentials offered by non-traditional providers.

CPA Australia suggests that the better approach is to keep it simple.

<sup>21</sup> See [www.fasea.gov.au/wp-content/uploads/2019/01/FPS001-FASEA-Policy-Statement-Education-Pathways-revised-Jan-2019-vFINAL2.pdf](http://www.fasea.gov.au/wp-content/uploads/2019/01/FPS001-FASEA-Policy-Statement-Education-Pathways-revised-Jan-2019-vFINAL2.pdf)

<sup>22</sup> Calls for a more harmonised national system of post-secondary education are intensifying. Refer discussion in Part III.

## Recommendations

CPA Australia recommends that the:

- AQF descriptors be simplified to ensure that levels are clearly distinguished; and
- AQF Review Panel resists the temptation to differentiate level descriptors by provider-type, as this would risk introducing friction into pathways.

## RECOGNISE SOCIAL AND ENTERPRISE SKILLS

In Part I we learned that employers rank the social and enterprise skills at the top of and extensively throughout their lists of demands of accounting professionals. The same dynamic, to varying extents, is occurring in all occupations in Australia and around the world. The Business Council of Australia (BCA) predicts that “[t]echnology will place increasing value and importance on ... complementary human skills such as empathy, communication, persuasion, personal service, problem solving and strategic decision-making.”<sup>23</sup> The World Economic Forum’s (WEF’s) latest Future of Jobs Survey, which captures the views of human resource leaders in large multinational corporations from across the globe, reports respondents’ views that:

*“In today’s enterprise, machines and algorithms most often complement human skills in information and data processing. They also support the performance of complex and technical tasks, as well as supplementing more physical and manual work activities. However, some work tasks have thus far remained overwhelmingly human: Communicating and interacting; Coordinating, developing, managing and advising; as well as Reasoning and decision-making.”<sup>24</sup>*

An IBM survey of more than 5,600 executives across 47 countries uncovers a dilemma arising that while demand for social and enterprise skills is both increasing and changing, respondents’ viewed the availability of these skills in labour markets as uncertain and questioned their quality.<sup>25</sup> Respondents also lamented that no-one is showing leadership – governments are overwhelmed, education institutions are struggling, and the private sector is underinvesting. The AQF Review and related reforms provide a way through – to create an environment for initiative.

As the discussion paper notes, the AQF already recognises generic skills, collecting them under the headers of fundamental, people, thinking and personal skills. They feed through and are reflected in the level and qualification descriptors. Issues arising are that:

- their inclusion is variable, differing by level, qualification and tertiary education sector; and
- the list is small and does not include some of the more important traits, such as creativity and digital dexterity, that employers and commentators are now observing as important.

<sup>23</sup> Business Council of Australia (BCA) (2017) Future Proof. Protecting Australians through Education and Skills, p 15.

<sup>24</sup> World Economic Forum, *op cit*, p 11.

<sup>25</sup> IBM Institute for Business Value (2017) Facing the storm, Navigating the global skills crisis, February.

Table 1 in the discussion paper shares a more expanded and contemporary taxonomy and list of social and enterprise skills. One possible approach floated is that an expanded list be included in the AQF. CPA Australia fully supports strengthening the recognition of social and enterprise skills within the AQF, but strongly cautions against publishing and maintaining a list. The first of two reasons why this is the position held is that the nature and extent of social and enterprise skills that are important will differ from context to context. For example, the social and enterprise skills expected of CFOs will have areas of commonality and areas of differences with those expected of engineers. The second is that the social and enterprise skills topping the lists of employers and others today could look very different from those that rank towards the tops of future lists. Table 2 below is copied from WEF's Future of Jobs report. Our point in sharing it is to illustrate how much, in the space of just four years, survey respondents anticipate skills demand will change. If the AQF were to attempt to list all relevant social and enterprise skills the list will either quickly become out of date or will need to be refreshed frequently, introducing Framework instability and wasting scarce public resources.

**Table 2 Comparing skills demand, 2018 vs. 2022, top ten**

Today, 2018	Trending, 2022	Declining, 2022
Analytical thinking and innovation Complex problem-solving Critical thinking and analysis Active learning and learning strategies Creativity, originality and initiative Attention to detail, trustworthiness Emotional intelligence Reasoning, problem-solving and ideation Leadership and social influence Coordination and time management	Analytical thinking and innovation Active learning and learning strategies Creativity, originality and initiative Technology design and programming Critical thinking and analysis Complex problem-solving Leadership and social influence Emotional intelligence Reasoning, problem-solving and ideation Systems analysis and evaluation	Manual dexterity, endurance and precision Memory, verbal, auditory and spatial abilities Management of financial, material resources Technology installation and maintenance Reading, writing, math and active listening Management of personnel Quality control and safety awareness Coordination and time management Visual, auditory and speech abilities Technology use, monitoring and control

Source: World Economic Forum (2018) Future of Jobs, p 12.

## Recommendations

CPA Australia recommends that recognition of social and enterprise skills within the AQF is:

- strengthened; but
- *not* achieved by attempting to list all relevant skills as they are context specific and relevancy will change over time.

Rather than attempt to identify all relevant social and enterprise skills, a criteria-based approach to social and enterprise skills is preferred. However, further work is required in order to determine appropriate criteria. If the proposed criteria were rigidly interpreted, and 'should' was read as 'must', then then two of the three proposed criteria risk being unnecessarily limiting and out of step with the future of learning and credentialing (discussed in Part I). Specifically, the proposals in the discussion document that social and enterprise skills should be able to be:

- ✗ *taught in the context of the qualification's core content*, ignores practices that enable workplaces and other simulated or real life environments to create context for direct and personalised learning experiences. For example, RMIT is in the process of launching a 'serious game', Bogart, in response to changes to the International Code of Ethics for Professional Accountants where, upon completion, users can earn a micro-credential.<sup>26</sup> The micro-credential can either be stacked to help build students' formal qualifications, count towards accountants' continuous professional development requirements, or stand alone. That is, they do not have to count towards a qualification, but they could.
- ✗ *acquired through the process of teaching and learning*, narrowly allows for only didactic means when there is an increasing myriad of experiential learning opportunities, and when the latter is the preference of many (refer back to the discussion in Part I on the Future of Learning). The gaming example just shared is an example of constructivism – learning through challenging. Another example of experiential learning is DeakinCo's Professional Practices credentials.<sup>27</sup> These recognise capabilities learned in work and related contexts. There is no coursework. Credentials can be earned anytime and anywhere. But they must be earned, which is what we come to next.
- ✓ *assessed and reported in ways that are fair, valid and reliable*, is supported provided this is purposively interpreted and not narrowed to traditional exams. Returning to the example of DeakinCo's Professional Practice credentials, applicants must satisfy AQF-aligned assessment criteria through the provision of authentic testimony that incorporates relevant examples drawn from recent experiences and proffer evidence in support of their claims. The RMIT ethics micro-credential will use gaming as a means of assessment. The University of Southern New Hampshire assesses candidates' performance in real world projects. And these are just a few examples of the increasingly sophisticated array of tools and methodologies supporting assessment that are becoming available.<sup>28</sup> Some of the alternatives arguably provide greater insights into applicants' capabilities than exams. The key advantage of exams is that they enable assessment at scale, which explains why they have been widely adopted. However, with innovations in artificial intelligence the historical approach of the Master assessing his students' learnings through one-on-one discussion may once more become tenable.

<sup>26</sup> See [www.rmit.edu.au/news/all-news/2018/nov/accounting-game-earn-a-micro-credential](http://www.rmit.edu.au/news/all-news/2018/nov/accounting-game-earn-a-micro-credential)

<sup>27</sup> See [www.deakinco.com](http://www.deakinco.com)

<sup>28</sup> For a more extensive discussion of the emerging possibilities refer Milligan, S and Kennedy, G (2017) To what degree? Alternative micro-credentialing in a digital age, in Melbourne Centre of the Study of Higher Education, Visions for Australian Tertiary Education.

## Recommendations

CPA Australia recommends that:

- the AQF provides guidance on social and enterprise skills that could fall under its umbrella;
- further work be undertaken to determine relevant criteria that:
  - *does not* require social and enterprise skills be taught in the context of qualifications' core content and acquired through the process of teaching, but
  - *does* require they be assessed and reported in ways that are fair, valid and reliable *provided* this is purposively interpreted.

## PROVIDE FOR COMPETENCY BASED MEASURES

Breaking down the current measures of volume of learning from a number of years to hours, and recognising credit hours within the AQF are steps in the right direction, but they are insufficient to future-proof the AQF. Credit hours provide the basis for current models of recognition and exchange in higher education that are well understood and supported by institutional practices. Providing a national basis for recognition and exchange is necessary for supporting today's and tomorrow's episodic and mobile learners. But, while necessary, they are not sufficient. Innovations in education and assessment are exposing fissures in systems that only values credits.

Throughout, this submission has distinguished between academic achievement (evaluated learning) and the demonstrated application of knowledge and skills gained (capabilities). While this distinction is more starkly made than the reality that these are two points along a continuum, the message we wish to stress here is that both exist and lend themselves more readily to different measures. Credit hours sit more comfortably with the former. Competency based measures are more appropriate for the latter. It is essential that the AQF caters for both.

Both have their advantages; neither are without their flaws.<sup>29</sup> We have just touched on the advantages of credit hours: they are well understood and provide a basis for recognition and exchange. One drawback is that credit hours measure 'time on seat' when we know learners have different starting points and learn at different rates, and different modes of learning impact the pace of learning. The measurement of credit hours from the perspective of a new learner addresses the first point only. Changes in technology and other pedagogical innovations will continue to impact pace and offer greater flexibility in terms of study periods. A related drawback is that they are input (hours) focused and tell us nothing about outputs – the complexity or quality of learning (that is, the learning experience).

Competency based measures are output measures. By clearly articulating outputs they make them visible. And by doing so, they signal capabilities to employers, provide educators with an understanding of learners' starting points allowing for more personalised approaches, and provide

<sup>29</sup> For a fuller discussion on the pros and cons than shared here refer Seymour, Everhart and Yoshini, *The Currency of Higher Education: Credits and Competencies*, the American Council of Education and Blackboard (available at <https://www.luminafoundation.org/files/resources/currency-of-he.pdf>).



a basis for mapping credentials against qualification requirements and scaffolding relationships among stackable credentials.<sup>30</sup>

One downside is that, unlike credit hours, competencies are not equal units of measurement, which introduces pragmatic difficulties to their utility as a currency that can facilitate credential liquidity. Another pragmatic hurdle is the flipside to the point made above: institutions have built systems and processes that accommodate credit hours but not competencies.

Blame for the behaviours of rogue providers in the vocational education sector cannot be laid at the feet of competency based education and measures. What matters is how they are quality assured and regulated (a point we return to in Part III).

The cocktail of pragmatic difficulties, mythologies about rogue providers together with the current absence of critical mass of recognised shorter form credentials that attest capabilities, makes for too easy an excuse to ignore competency based measures. Institutions do this at their peril. The policies and approaches of governments needs to be more contemporary. Their evolution should be provided for in the AQF.

A key takeaway from the discussion in Part I is that the future of credentialing is fast changing. Shorter form credentials, particularly those that attest holders' capabilities, are disrupting post-secondary education. With regards to the current pragmatic difficulties, to evoke the pioneering spirit of John F. Kennedy, policymakers should consciously choose to allow for competency based measures within the AQF "not because they are easy, but because they are hard; because that goal will serve to organise and measure the best of our energies and skills..."<sup>31</sup>

Time, advancements in technology and other innovations will facilitate mapping and scaffold exchange and, thereby, overcome current pragmatic difficulties. However, the motivation will be lessened if competency based measures are not allowed for within the AQF. In the United States, where expert commentators have called for the co-existence of credits *and* competencies,<sup>32</sup> the Federal Government is explicitly encouraging experimentation.<sup>33</sup> In the accounting world, IFAC's recently revised standards for continuous professional development explicitly require that "IFAC member bodies shall establish an approach to measurement of professional accountants' CPD using the output-based approach, input-based approach, or both."<sup>34</sup> This is providing us pause for thought regarding our current requirements, which are hours-based. We suggest that these and other considerations should likewise demand the Review Panel's serious contemplation.

## Recommendation

CPA Australia recommends that the AQF allows for both credit hours *and* competency based measures.

<sup>30</sup> A credential that is part of a sequence of credentials that can be accumulated over time to build up an individual's qualifications is considered stackable.

<sup>31</sup> John F. Kennedy (1962) Moon Speech, Rice Stadium. NASA.

<sup>32</sup> Seymour *et al*, *op cit*.

<sup>33</sup> Steps taken by the Federal Government include direct assessment and funding incentives.

<sup>34</sup> IFAC (2018) International Education Standard 7, Continuing Professional Development (Revised), December.

## FACILITATE INTERNATIONAL PATHWAYS

An important argument for why Australia needs a qualifications framework is that it aids the national *and international* mobility of qualifications. CPA Australia encourages the Review Panel explicitly explore ways to pay heed to this objective.

As a global body, CPA Australia has first hand experience of the importance of aiding international mobility. Some sense of our global presence is shared in the introductory paragraphs of this submission: Our members work in 125 countries around the world; last year candidates sat CPA Program exams in 73 countries; we accredit programs of accounting in 21 countries outside of Australia; and review the qualifications of prospective candidates and migrants from many more.

Maintaining the bar requires us to be able to determine the equivalency of qualifications and credentials achieved across all quarters of the globe. To assist not only us but the many other bodies and education institutions who will be similarly challenged, we encourage the Review Panel to refine and map the reformed AQF against the reference frameworks and standards shared below.

**Table 3 International reference points**

Qualification reference frameworks		Where to find out more
ASEAN Qualifications Reference Framework (AQRf)	Developed in 2014 by ASEAN nations to create a benchmark and support quality.	<a href="https://asean.org/storage/2017/03/ED-01-AQRf-Governance-and-Structure-document.pdf">https://asean.org/storage/2017/03/ED-01-AQRf-Governance-and-Structure-document.pdf</a>
European Qualifications Framework (EQF)	A European-wide qualifications framework to aid the understanding of national qualifications in EU countries and thereby facilitate mobility of students and workers.	<a href="https://www.accreditedqualifications.org.uk/european-qualifications-framework-eqf.html">https://www.accreditedqualifications.org.uk/european-qualifications-framework-eqf.html</a>
Framework for Higher Education Qualifications in England Wales and Northern Ireland (FHEQ)	The definitive reference point for all UK higher education providers designed to clarify expectations and protect students.	<a href="https://www.qaa.ac.uk/docs/qaqa/quality-code/qualifications-frameworks.pdf">https://www.qaa.ac.uk/docs/qaqa/quality-code/qualifications-frameworks.pdf</a>
USA Degree Qualifications Profile (DQP)	Outlines a set of reference points for what students should know and be able to do upon completion of associate, bachelors and masters degrees – in any field of study.	<a href="http://degreeprofile.org/">http://degreeprofile.org/</a>
International standards		Where to find out more
IMS Global Competencies and Academic Standards Exchange (CASE)	Used to align and exchange information about learning and education competencies, transmit information about rubrics, and criteria for performance tasks. Maps to ESCO.	<a href="http://www.imsglobal.org/activity/case">http://www.imsglobal.org/activity/case</a>
European Skills, Competences, Qualifications and Occupations (ESCO)	Identifies and categorises skills, competences, qualifications and occupations relevant for work and learning in the EU.	<a href="https://ec.europa.eu/esco/portals/home">https://ec.europa.eu/esco/portals/home</a>

### Recommendation

CPA Australia recommends that the AQF aligns with, and can be mapped to, key international qualification reference frameworks and standards.

## PART III BROADER IMPLICATIONS

*“What is needed is not two sectors configured as at present, but a continuum of tertiary skills provision primarily funded by a single level of government and nationally regulated, which delivers skills development in ways that are efficient, fit for purpose and meet the needs of individuals and the economy.”<sup>35</sup>*

This over a decade old quote from the Bradley Review continues to hold currency. Since 2008 expert and business commentators have echoed these cries in various forms and to varying extents. In 2014, Victoria University Vice Chancellor and Mitchell Institute author, Professor Peter Dawkins, called for a reconceptualisation of tertiary education and “federal-state negotiation to achieve a more coherent approach to funding tertiary education students, which in turn supports a more coherent tertiary system.”<sup>36</sup> In 2017, topping Professor Davis’ list of policy reforms was “a national framework [that] must embrace the entirety of post-school education” where learners “move seamlessly through different modes of institution” and where there is “one set of rules to accredit institutions, assure quality and fund students.”<sup>37</sup> In the same year the BCA urged that “it is time that we take a step back and look at all ... sectors as one system. The new world of work demands it.”<sup>38</sup> While stopping short of calling for a single regulatory approach, it proposed a sector-neutral funding model. Last year KPMG challenged us to reimagine tertiary education – from a binary system to an ecosystem – with a revised AQF sitting at its centre.<sup>39</sup> It recommended a single tertiary funding framework for all levels of qualifications recognised under the AQF and encouraged a continuation of efforts to integrate the operations of ASQA and TEQSA. The most recent voice to join in this chorus is the Australian Industry Group which, just last month, shared its solutions to Australia’s tertiary education challenge.<sup>40</sup> It finds value in the tertiary education ecosystem welcoming a greater diversity of provider types, given the increasing diversity of learner needs. Cognisant of Commonwealth and state sensitivities, it proposes an independent coordinating body to establish equitable funding arrangements across sectors and between levels of government. Similarly, weary of the practical difficulties in bringing TEQSA and ASQA together, it recommends establishing joint functionality in appropriate and agreed areas.

While the above undoubtedly misses important voices we, at CPA Australia, would like to join in the chorus. But whilst in harmony, we have a slightly nuanced song to sing. We acknowledge that the messages it conveys fall outside the scope of the AQF Review and the remit of the Panel. However, for the AQF reform proposals to have optimal effect necessitates that, at a minimum, they are passed on in the Panel’s advice back to governments.

The difference in our lyrics stems from how we have scoped post-secondary education. Most of the commentaries above are motivated by the reality and/or the desirability of blurring the lines between the higher education and vocational educational sectors. They observe the difficulties in moving between the sectors, despite the overlap in the levels of qualification types, and argue the case for seamless transition. They point out the unjustified differences in government funding,

<sup>35</sup> Bradley, Noonan, Nugent and Scales (2008) Review of Australian Higher Education, Final Report. p 183.

<sup>36</sup> Dawkins, P (2014) Reconceptualising tertiary education. Mitchell Institute Policy Lecture, p 9.

<sup>37</sup> Davis, G (2017) *op cit*.

<sup>38</sup> BCA (2017) *op cit*, p 4.

<sup>39</sup> Parker, Dempster and Warburton (2018) Reimagining Tertiary Education, KPMG, July.

<sup>40</sup> Australian Industry Group (AiG) (2019) Realising Potential, February.

and decry past weaknesses in regulation and enforcement in the vocational education sector. We are on board with all of these observations and arguments. Our only point of contention is that their proponents do not go nearly far enough.

A reformed AQF could sit at the centre of a future post-secondary education sector where learners choose their own journeys and travel frictionless pathways over their lifetimes between the credentialed offerings of traditional and non-traditional providers. Current funding, regulatory and governance arrangements not only introduce friction when moving between vocational and higher education providers, but between traditional and non-traditional providers, including employers and professional bodies. They are designed around formal qualifications, and not shorter form credentials which may stand alone, supplement or stack towards such qualifications. It is these conceptualisations and imaginings that should underpin not only a revised AQF, but governance, funding and related arrangements.

## ASSURE QUALITY AND LEVEL EQUIVALENCY

In this reimagined world of post-secondary learning, who assures the quality and equivalency of credentials offered at the different AQF levels? Options are that:

1. there is no change;
2. the ambit of responsibilities of ASQA and TEQSA be both extended to include regulatory oversight shorter form credentials within the vocational and higher education sectors, respectively;
3. a third agency be introduced to provide regulatory oversight of shorter form credentials; or
4. a single national tertiary education regulatory body provides oversight of all AQF credentials of any length.

For reasons evident from the assessment in Table 4 (over the page) CPA Australia supports option 4. We are under no illusion that the red traffic light this option scores against the ease of implementation criteria signals that this will not be easy going. However, we urge that Commonwealth and state governments place to one side their differences and work together in the national interest to establish a single national regulatory body.

Also evident from Table 4 is that doing nothing is not a realistic option as, in the absence of regulatory oversight, there is nothing to assure the quality and level equivalency of shorter form credentials, let alone address the differential treatment of higher education and vocational providers. Strong leadership is required at this time of change.

That said, *prima facie* the size of the task of extending regulatory oversight to shorter form credentials, whether under options 2, 3 or 4, may perversely preference option 1 in the minds of policymakers. That, however, would be lazy thinking as:

- just as it is currently an option to offer programs outside the AQF (as CPA Australia currently chooses to), providers of shorter form credentials should be able to choose whether they wish to avail themselves of the benefits of recognition; and
- current regulatory practices do not (and should not) dictate future practices. For instance, efficiencies and enhancements could be introduced under an approach weighted towards the accreditation of providers of all shapes and forms (that is, not just selected universities) to self-accredit their offerings.

Options 2 and 3 are not supported. Option 2 maintains sectoral differences. Option 3 risks introducing a third regulatory approach serving only to add to rather than remove friction between sectors and credentials.

**Table 4 Assessment of regulatory governance options**

Criteria \ Options	1. no change	2. extend TEQSA and ASQA	3. third body	4. single body
Includes shorter form credentials	●	●	●	●
Minimises friction between credential types	●	●	●	●
Addresses friction between sectors	●	●	●	●
Enables even handed regulatory enforcement	●	●	●	●
Ease of implementation	●	●	●	●

### Recommendation

CPA Australia recommends that the AQF Review Panel encourages Commonwealth and state governments to establish a single national post-secondary education regulatory body to provide oversight of all AQF credentials of any length.

## SUPPORT LIFELONG AND LIFE-WIDE LEARNING

At risk of oversimplifying the complexities of governments' funding support, under current arrangements:

- the Commonwealth Government subsidises the tuition fees for a fixed number of places in eligible higher education (typically Bachelor degree) programs through the provision of discipline differentiated grants;
- state governments subsidise the tuition fees of vocational courses under regimes that differ from state to state;
- income contingent loans from the Commonwealth Government can be accessed by higher education students; and
- income contingent loans can be accessed on less generous terms by eligible students studying certain diploma level and above vocational education and training qualifications.

That is, providers are the recipients of tuition fee subsidies; differences arise depending on discipline, sector and state; students' access to loan funding differs by sector; support is greatest for higher education programs and initial learning; no subsidies or loans are available for learners who preference shorter form credentials.

Now let us reimagine how it could be. Rather than merely calling for sector funding neutrality, the principles we suggest that should frame future arrangements are that government funding:

- be credential neutral, so long as credentials, of any length, are recognised under the AQF;
- give agency to learners, which suggests subsidies should be accrued to them and not providers; and
- support lifelong and life-wide learning, which could be enabled by:
  - a fixed envelope of subsidies that learners can access over their lifetimes to contribute towards the costs of acquiring AQF recognised credentials; and
  - income contingent loans for credentials assessed at AQF level 5 and above. The rationale behind this threshold is the greater return that can reasonably be expected from higher level credentials.

### **Recommendation**

CPA Australia recommends that the AQF Review Panel encourages Commonwealth and state governments to devise future funding support arrangements that are credential neutral, give agency to learners, and support lifelong and life-wide learning.