Day 2 Friday 11 September 2015, 9.25am - Keynote speaker
TAFE the quality benchmark?

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In January 2014 the Minister for industry Ian McFarlane said of the VET sector in Australia that it was a convoluted mess and a bureaucratic nightmare. But for those working in this convoluted mess and living this nightmare there was hope because the Minister indicated that he would rescue VET by methodically and carefully restructuring the sector. He intimated that he had had an implementation program which could be rolled out in July 2014.

At a similar time a TAFE teacher (Jill) in Western Australia wrote, “I work for TAFE and we have borne the brunt of a ridiculous, conflicted mess of rules, regulations and inconsistent audits now for many years. Creating document trails has become our core business, not training. She went on to say at the institutes highly experienced and skilled professionals are being hounded because they can’t show evidence of consulting with industry (never mind that they are from industry) or they can’t show how every part of their training documents map to every dot point on national training package documents. Never mind that they have great relations learners and provide quality training.”

The Minister moved on to some other portfolio and I’m not sure of Jill’s fate ... she may well have become an auditor ... but the ministers convoluted mess remained.

The quality benchmark conundrum in VET

Determining if an organisation is a quality benchmark is difficult in VET because as Philip Toner wrote, “VET has multiple overlapping objectives and it’s hard to align inputs with the achievement of those objectives”.

There are more than 5000 training providers including 59 TAFE Institutes. TAFE is well-known to the Australian community. Less familiar however are the thousands of private VET providers that include business colleges, industry associations, welfare organisations, et cetera. Adding to the complexity of the VET sector is administered by eight state and territory governments plus the Commonwealth. Whilst TAFE is the largest education and training sector with more than 1000 campuses its survival is constantly under threat by the continual reforms that Liberal and labour governments at Federal and State level have imposed. If TAFE is the quality benchmark it would seem given the continuous reform that occurs in the sector that the benchmark is a movable feast.

An important issue that confronted the review I undertook in Victoria was that the system apart from being racked by scandals and being perceived as a convoluted mess was murky in that no one knew much about the training organisations that operated in the state. This made it difficult for consumers, ie students and industry to make informed decisions about the capability of an organisation.

Definition of terms

Quality is important because weak VET systems create problems by providing poor information to students, will at best specify vague or no outcomes, are accompanied by inadequate risk management, and the manipulation of naive consumers. This ultimately penalises students who are more likely that in the higher education sector to come from disadvantaged backgrounds. When economy is vulnerable, as it is now, the greatest source of social justice and economic security is
employment. An effective vocational education and training system can be a significant factor in positive employment outcomes. The weakness of deciding what is a quality benchmark in the Australian system is that we have no outcomes specified by any government. The only standard is a compliance standard. Our entry standards are so pathetic that neither state nor Commonwealth governments have any legislative control over a private RTO once the RTO passes the registration test unless the RTO is using government funds. Compounding this difficulty at the State level or at least in Victoria is that the auditor general has no legislated capacity to audit private providers even if they are in receipt of in excess of $600 million of taxpayers money.

Quality has many different definitions. For the purpose of this discussion I have defined quality VET as having the following dimensions:

That the users (students, employers, government, community) perceive that the:

- qualifications issued meet the prescribed standard
- a graduate is capable of performing a range of activities to a certain level
- system is safeguarding its standards (quality assurance)
- learning experience aligns with expectations.

Quality assurance is a function that sets provider and delivery standards by:

- inspecting monitoring and evaluating providers practices and outcomes
- protecting and supporting the rights of the users whether they be students, employers, government or the community
- espousing a continuous improvement philosophy.

(Benchmarking is a criterion or reference point by which to measure something.

The quality benchmark in VET

The VET system is designed with the student at the centre of the system so their choice of course and provider is crucial to the sector. In theory students are attracted to quality training, fuelled by competition between providers to deliver training that leads to new or better employment or other positive outcomes. The current system has encouraged a counter-productive cycle of provider behaviour and government responses that have created instability.

The result is that there is no effective quality floor in the existing VET market that can provide an assurance for students, governments or industry that the training being provided is of a consistent and appropriate standard. Perception is important. A small number of unscrupulous or poor quality providers can have a significant negative impact on the system. ASQUAs recent reviews and the withdrawal of qualifications in Victoria reinforce the perception of a failing system.

In the original design of the system TAFE was to serve as a minimum quality standard. This has not occurred. There is a lack of confidence in VET throughout Australia.

Countries that have moved into a marketised approach have been forced to adopt different strategies to ensure quality. In the United States and New Zealand amongst a range of other approaches a provider classification system has been developed. ASQA has a risk assessment system. In Victoria one of the strategies that will be recommended to government to raise quality in the system is a “Provider classification framework”.


The framework which has as an underlying premise a continuous improvement philosophy is part of a suite of reforms. The framework is based upon two axis:

- organisational and educational capability
- financial risk and sustainability.

It is a potential five-level classification structure (although we will use only 4) and is not dissimilar to some of the criteria used in structuring organisations. The organisational and educational capability of providers is determined by defining the purpose of vet and then applying those purposes to the organisations operation.

The financial risk and sustainability factors are based around traditional metrics but are influenced particularly by the experiences associated with Vocation which was over reliant on one form of financial income. In a comment on Vocation in the Financial Review on January 2015 it was written that “any company that relies on a single source of income (80%) is a massive risk to investors”.

The classification system is designed to provide greater information to users, greater clarity for investors, ie the taxpayer as to with whom their money has been placed, and for those responsible for quality assurance and funding to have some understanding of the capability of the organisation in which they are investing. It is underpinned by continuous improvement in that there is an incentive for organisations to become more capable

**Organisation and educational capability criteria**

The elements for these criteria were based upon a definition of the purpose of VET. That being a system that can:

- develop and maintain a skilled workforce that meets the needs of industry and an economy in transition
- contribute to the economic growth and productivity of Victoria/Australia
- act as an important social safety net or alternative education system to sustain those individuals in our community that have some form of disadvantage
- provide ongoing education for both skills deepening and broadening
- provide qualifications that can be a pathway to further and higher education.

A benchmark VET institution will be able to meet all purposes not just some. The type of organisational and educational capability measures that were considered for this axis of the framework arising out of the purpose were:

- the range of educational programs provided (certificate 1 to degrees)
- whether traditional apprenticeships were offered
- size of the organisation
- length of time as a VET provider
- mission of the organisation
- principle delivery mode (ie online, fully workplace based, classroom/workshop based)
- the range and scale of educational services available to students
- employer and student satisfaction surveys
- international education effort
- student diversity i.e. mix of students from differing backgrounds

**Financial criteria**

Sustainable financial criteria included factors such as:
- reliance on state government income as a percentage of total revenue
- average operating balance over a three period
- percentage spent on staff in comparison with infrastructure
- evidence of investment in facilities and equipment
- ability to meet financial obligations
- cash flow in the 2014 period
- international student income as a percentage of total revenue.

Each of the elements that were chosen were then weighted multiplied together and then a score applied to each organisation. Organisations are then assigned a place in one of four quadrants. A difficulty of course was that there was a dearth of information available on some criteria for some providers. This reflects poorly on the quality assurance mechanisms used at both state and Federal level. It should also be understood that the auditor general has no legislative capacity to audit private providers.

**How the classification system will be used**

The classification system is one of a suite of reforms that are being recommended to the government. However a category one provider (that is our benchmark providers) will be invited to participate in a compact discussions with government in a on a three-year timeframe, take responsibility for all certificate 4 the training and assessment, will initially be the only providers able to deliver preparatory programs targeting literacy and numeracy, will be responsible for providing access to disadvantaged groups in relation to a revised up skilling rule, will be expected to deliver agreed outcomes as well is meet input targets, and will be subject to reduced auditing.

Being a category one provider we believe brings with it substantial benefits. We would hope that all providers would aspire to become a category one provider.

Whether TAFE institutions are category one providers and thus the benchmark for providers in Victoria remains to be seen.

**Conclusion**

Quality is elusive and difficult especially in VET with its multiple objectives. What is unique about the sector is that it not only caters for a kaleidoscope of Australians but it is the one sector of education that embraces the concept of lifelong learning initially of course developed by our TAFE institutions. TAFE plays a pivotal role in our society. The benchmark institutions will be pivotal and develop a distinctive culture that enables students to explore ideas, learn about themselves and be astounded by their achievements.

Other countries use different methods to set quality standards. The United States separates and has particular roles and outcomes specified for its institutions, New Zealand users a self-assessment protocol and Canada has separate legislation for private providers and the public provider. The United Kingdom uses a continuous improvement model that is overseen by inspection regime known as OFSTED. Each of the methods have attractive features and seek to achieve the same goal and that is to give confidence to those who rely on a VET system that it is fit for purpose, continually improving and a good public investment.