

**ADDRESS TO THE INFORMA CONFERENCE ON  
TAFE GOVERNANCE & REGULATION**

**DEVELOPING A COHESIVE REGULATORY FRAMEWORK IN A CHANGING  
TERTIARY LANDSCAPE**

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History will show that thirty five years ago, the commissioning by Education Minister Kim Beazley of the Kangan Report into *TAFE in Australia: Report on Needs in Technical and Further Education*, was itself a marker in Australia's education history.

TAFE and its governance were identified.

The report (published in 1974) of the Australian Committee on Technical and Further Education, was chaired by Myer Kangan.

The Kangan Report recognised the importance of technical and further education as an integral part of the nations education system, and saw its primary role as the development of the individual rather than merely the development of skilled manpower. Other themes of the report included the need to provide opportunities for recurrent education to people throughout life, the need to link general and vocational education, the need to create pathways in education and training, the need for [flexible delivery](#), and the need for research and data collection.

The Australian Committee on Technical and Further Education (known as the Kangan Committee) reported to the government in April 1974. The committee noted that although Technical and Further Education or TAFE (a name developed by Kangan) was an integral component of the national resources that make for technological development, a skilled and mobile work force, personal work satisfaction and personal growth, it did not appear to rank officially as an integral part of the nation's education system.

From that point on, the committee commenced to change the public image of TAFE and the Commonwealth Government accepted proposals for a substantial injection of federal funding for TAFE.

The Prime Minister who ultimately identified that continuing vision, and oversaw an important injection of funds was Paul Keating.

On the twenty year commemoration of the Kangan Report, Paul Keating wrote a Forward to that literature review, which had been a series of seminars, papers and symposia on Kangan and its impact.

In 1994, Keating wrote:

*“It will become increasingly difficult for TAFE students in the 1990s and beyond to imagine how bad things often were before Kangan. The ramshackle accommodation, the lack of such basic facilities as libraries, the chronic lack of funding for "extras" such as teacher training, student counselling and curriculum development, and the absence of any form of national co-ordination all resulted from and contributed to the low status of the "techs".*

*“The achievement of the Kangan Report was to present the Commonwealth Government with a series of principles and strategies to transform the system.”*

He added:

*“The new challenge we face in the 1990s is to ensure that we establish the framework for an ongoing dialogue between industry and education which can only benefit both.”*

During this same period, (1993), the Hilmer Report on National Competition Policy was released which recommended, amongst other things, that Governments establish processes for reviewing anti-competitive legislation.

More recently, Hilmer returned to his reforming tablet and presented an Address at a Sydney Institute lecture late last year, decrying that Canberra from both sides of politics had not pursued economic reform, and Australia’s declining productivity was increasingly a product of this impasse.

Also in Q4 (October) 2010, Skills Australia released its *Creating a Future for Australian vocational education and training*.

Unlike the Kangan Report however, TAFE was not the centrepiece of the Discussion Paper on the future of the VET system. However Future Directions was revealing by confirming trends in how the shareholders of TAFE -- state and territory governments -- had managed this cherished system.

Under a section called ‘*Balancing Responsibilities for investment in a skilled future*’, Skills Australia reported on the declining investment on TAFE by the states and territories. It found –

- the proportion of public funds for VET fell from 56.7 per cent to 50.5% between 2001 and 2008
- The Australian Government also makes a significant investment to funding, accounting for over 20 per cent of total VET revenue. However over the same period, Commonwealth expenditure as a proportion of total revenue only increased by 2 per cent
- Student fees contributed about 4.5 per cent
- The biggest income increases over the period came from fee-for-service activities – rising from 11 per cent (\$145M) to 16 per cent (\$280M)

The footnote worth mentioning is that the entitlement policy which began in Victoria and now part of Commonwealth policy, has seen a vast expansion of FEE-HELP based student loan demand for courses, and these figures may be still changing, but more likely in terms of individual or corporate rather than state and territory driven.

Ladies and gentlemen, the lessons of history are constantly showing that change is important to our future.

It was Edmund Burke who declared: *“A State without the means of some change is without the means of its conservation. “*

Today the context is just as far-reaching – I note four major paradigm changes afoot:

1. a changing funding mix and cost shifts from government to individuals,
2. new technologies and demands for higher qualification courses from students,
3. change to governance required to meet competition policy, and
4. the changed tertiary landscape post the Bradley Report.

For the purposes of this *Informa Conference on TAFE Governance and Regulation*, I will turn to these third and fourth areas of change: TAFE governance, and the tertiary landscape.

## GOVERNANCE OF TAFE

In 2007-08 during the course of early excitement to opportunities under the Council of Australian Government (COAG), the National Board of TAFE Directors Australia released what it termed a White Paper on Policy for TAFE and VET.

It gave new momentum from our perspective, to supporting devolution of TAFE governance from within the protective cover of state and territory departments of education and training. It did not seek to follow a model; for instance it noted but did not endorse the Victorian reforms under former Premier Jeff Kennett, legislating to incorporate TAFE Institutes along the lines of Australia's universities.

TDA began to campaign consistently for states and territories to consider investing in governance, especially given the clear decline so apparent in their own funding, and the increase from the Commonwealth as they responded to political pressure from industry which was dealing with critical skill shortages.

The political divide of the Howard years was also worthy of mention: the shareholders of TAFE were then Labor states, with Canberra under the Coalition seeking to devise funding strings, under the guise of competition policy.

So we had Federal Budgets with new VET funding, yet placing conditional regulation requiring governance of incorporated entities before various grants and programs would receive funding, for instance under FEE HELP.

During these years two important tests of governance were being played out; one in Perth, and then Brisbane.

In Western Australia, Challenger TAFE near Freemantle had been working with major oil and gas corporations developing resources and skilling strategies in the region. The firms were being pressured to satisfy a major lift in training, while also being big players in skilled migration.

Key identities like Keith Spence, then an executive with Woodside, working with a TAFE Director Malcolm Goff, formulated what emerged as one of Australia's first Public Private Partnerships for TAFE, to create the ***Australian Centre for Energy and Process Training***.

In brief terms, a special deed was required to satisfy and secure the industry investment promised in the transaction with the state government at the time.

This included provision for its own industry-led council for this Oil and Gas Institute, and a reporting structure into Challenger TAFE – now renamed itself Challenger Institute of Technology, a further feature of TAFE governance under the incoming WA Liberal Government.

The second and equally important change took place in Brisbane, where the campus of Southbank TAFE was in very original state. Over the banks of the Brisbane River was the innovative QUT, and competition was rife in the growing Queensland market.

It was here that the Southbank “PPP” was pursued by another TAFE Director, Craig Sherrin, under a re-branding to Southbank Institute of Technology.

In brief shorthand for this Conference, the campus would be upgraded by replacing entirely the dilapidated infrastructure, with 15 new purpose-built premises, on a PPP lease back arrangement.

Today is not the place to question the financial model adopted for Southbank, but to the cash-strapped Beattie Government dealing with competing funding priorities, the deal seemed a winner: replacing the prominent Southbank campus with new buildings at no immediate cost to State Revenue, being part of his ‘Smart State’ innovation drive, and showing his Government was acting on skill shortages.

However the quid pro quo of this development was that the bankers would require the new assets to be held in an entity outside the State DET Department.

So we saw Boston Consulting commissioned to review governance, and the statutory authority as a means for delivering governance for such a development.

Later PricewaterhouseCoopers were retained by the Queensland Government, to draw up criteria upon which a TAFE could move with financial capacity to become a statutory authority.

Today we have two TAFE Institute members in Queensland as statutory authorities; Southbank Institute of Technology with its new complex, and Gold Coast Institute of TAFE with various campus redevelopment agreed, or being considered – both with robust growth plans.

These conditions for change gave confidence to the incoming Government in Western Australia proceed with governance reform to TAFE Colleges there; the package of measures included all being transformed into statutory authorities, and each being able to re-brand to their own non-TAFE brands.

Just two weeks ago, the Government of South Australia announced its three TAFE Institutes would also move to become statutory authorities.

During past years in the ACT, Canberra Institute of Technology also moved to be a statutory authority.

Tasmania moved to a statutory authority in 2009 with the creation of the Tasmanian Polytechnic, but after the last election with pressure from Green MPs, this has been reversed and governance returning to the State department.

## **TERTIARY CHANGE**

I would like to turn to the regulatory environment for tertiary education in Australia.

In the competitive Higher Education market, TDA members have found a niche offering higher education programs that build on their existing strengths in VET, typically in fields of study where they have close relationships with industry and can design degrees where the industry identifies a gap.

These are often work-based degrees, designed and conducted in conjunction with industry. They respond directly to industry demand and therefore truly serve to address the Australian Government's identified skill shortages.

TDA members are as well or even better-placed to achieve this than universities are because of their close association with industries and enterprises and the role they play in workforce development. TDA considers that this contribution to national productivity by its members deserves greater exposure, recognition and support within a tertiary education context. Yet

it is only very recently that very limited Commonwealth Supported Places (CSPs) have been made available for TAFE degrees.

TDA has argued that all TAFE degrees offered in skill shortage areas should be eligible for CSPs so that tertiary education better meets Australia's needs.

TDA understands that only 4 non-university providers have access to CSPs and these only in Nursing and Early Childhood Development.

There may also be a case for recognition of TAFE's contribution to be extended to include financial support to assist TDA members to enter and build their capability in the Higher Education market.

### **TAFE's Continuing Commitment to VET**

TDA acknowledges that some commentators believe that TDA's effort to achieve greater recognition of TAFE's role in Higher Education is a case of history repeating itself. That is to say, it recalls the efforts of the former Colleges of Advanced Education to achieve university status in the 1970s.

TDA therefore explicitly wishes to highlight the continuing commitment of its members to VET and to emphasise that its efforts to achieve greater recognition of TAFE's role in Higher Education is not at the expense of VET.

Rather the proposal is to build on and strengthen the expertise of TAFE in industry-related education and training to enhance the diversity of the tertiary sector, rather than be diverted from pursuing research.

Further, depending on regional circumstances, some TDA members have no intention of entering the Higher Education field.

### **Barriers to Entry to Higher Education for TDA members**

In seeking to respond to demand for Higher Education qualifications TDA members, other than those in dual sector universities, experience significant barriers to entry. For example:

- The true cost to a single institution of developing a degree is in the order of \$150,000. This cost is burdensome, particularly considering that degrees in the same discipline are likely to overlap in content to the order of 50 – 90%.

- Having developed the degree, the institution may well have to wait for another nine months or more to receive accreditation, an additional disincentive for providers to enter the Higher Education market.
- There is currently no distinctive Provider Category in Higher Education accessible to TAFE institutes that gives the capacity to market or 'brand' their Higher Education provision while still acknowledging their role in VET. This compares with universities, which have access to the protected title 'University' and most other HEPs which brand themselves according to their specialisation (Refer Box 1). TDA considers that 'Higher Education Provider' is an administrative title and not in itself a useful brand.
- Other barriers, notably academic capability, are currently in the hands of the institutions themselves through their leadership in most instances. Generally speaking, there is little by way of financial support available to support institutions to build academic capability.

None of these circumstances are conducive to achieving greater diversity in the sector and anything that can be done to ameliorate them should be considered.

### **The Broad-based/Non-University HEP**

As a matter of fundamental principle, TDA supports the view that there is scope for a far greater role to be played by broad-based, non-university HEPs, as loosely grouped in Box 1 - quadrant 2, in building Australia's tertiary sector.

TAFE institutes fit most readily into this description. It is further asserted that standards for this type of institute should be clearly articulated and be assigned a title that differentiates them in the Higher Education market.

*[Source: TDA Secretariat]*

#### **Recommendation 4**

**TDA recommends that, in further developing the Provider Category Standards, the role played by TDA members as broad-based institutions that support industries and enterprises to achieve their workforce development goals be recognised as a critical contribution to national productivity and to the development of Australia's tertiary sector.**

## Recommendation 5

**TDA recommends that the Provider Category Standards be amended to create a new broad-based organisational type with a distinctive brand.**

## TOWARDS A NEW ORGANISATIONAL TYPE

### Broad Description

Based on previous discussion, TDA proposes that diversity in the tertiary sector can best be achieved through the formalisation of a new provider type that would have access to a formal, recognisable title distinguishing it from a 'university'.

These providers would offer Higher Education qualifications up to Masters by Coursework, without being required to be involved in research. This in line with university colleges elsewhere in the world.

Accordingly, last week's meeting of the National TDA Board in Brisbane endorsed the position that --

## Recommendation 7

**TDA recommends that consideration be given to amending Criterion 1 for the 'University College' category to read:**

*'The provider delivers qualifications that are covered by the Qualification Standards across a range of broad fields of study (including up to Masters Coursework in at least three broad fields of study).'*

## Recommendation 8

**TDA recommends that DEEWR convene a working party of the key stakeholders to develop options for new nomenclature to apply in Quadrants 2 and 4 of Box 1, including possible alternatives to the title 'University College'.**

Thirty five years after Kangan, it is TDA's vision that Australia's TAFE Institutes be as relevant today to national productivity as envisaged in those years.

The forces of change to governance have swept across most jurisdictions, and we await the incoming government after next month's State election in NSW to understand if further change may be afoot, there, too?

Certainly, TDA has welcomed DET NSW commissioning Professor Vince Massano, of the LH Martin Institute, to review governance of TAFE in NSW.

In the same context, TDA has submitted to Federal Treasury recommendations that the Budget 2011 should contain a dedicated TAFE Structural Adjustment Fund, to support governance reform and the important area of asset management.

For the tertiary environment, TDA's positions are important if more efficient use is made of extra tertiary funding from Canberra, and if diversity is allowed to gather pace, in the interests of student and industry demands.

Thank you for this opportunity to address the *Informa Conference* here in Melbourne today.

ENDS --