TAFE in the current political environment

Introduction

The shifting Australian political environment is presenting many challenges for TAFE institutions, Australia’s public providers.

All Australian governments (and coincidentally the UK Government) are to a lesser or greater extent preoccupied with:

- the pursuit of economic growth & productivity
- strategies to reduce the deficit
- a belief in markets (and in some cases the small state)

Australian State and Territory governments have acted on these policy drivers in a variety of ways.

There is common agreement, however, by the Commonwealth and State and Territory Ministers, via COAG, that the vocational education and training system needs reform.

At the centre of the recent COAG agreement are two organising principles underpinning the market design of VET: **student entitlement** to certain vocational education and training courses and **a demand driven** VET system.

It is clear that the Ministers for training all support a more competitive environment in which providers compete for funding.

The perspective I will be taking in my presentation is a **TAFE** perspective, although Ministers responsible for training in the Commonwealth and States and Territories clearly have responsibility for all VET providers, public and private.

TAFE Directors Australia’s position in a nutshell is that in the current political climate:
• The role of the public provider ought to be **affirmed** and **clearly articulated**
• There ought to be **appropriate administrative and funding arrangements** in place to support this role
• The current undifferentiated vocational education and training market of 5,000+ providers poses a threat to quality and to the VET brand. TDA maintains there ought to be **categories of providers**, just as there are categories of higher education providers
• In recognition of the number of public technical and further education providers that now offer Higher Education qualifications, along with skills development, the Commonwealth Government ought to support HE students in TAFE through expanding eligibility for Commonwealth Supported Places

**My presentation**

- *The role of TAFE Directors Australia*
- *Challenges for TAFE*
- *COAG and the National Partnership Agreement*
- *TDA’s response to the Agreement*
- *State/Territory VET reforms*
- *Conclusion*

**The role of TAFE Directors Australia**

As many of you know TAFE Directors Australia is the national peak body representing the interests of Australia’s 61 publicly funded technical and further education institutes. Every year, our members provide education and training to over 1.7 million Australians seeking new skills and training.
As the peak body TDA seeks to articulate the members’ priorities and directions for technical and further education.

To that end, TDA represents its members on key government policy bodies; organises an annual conference & seminars; keeps members informed via a weekly email newsletter; and makes submissions to key government enquiries.

Now more than ever TDA needs to promote the strengths of the network of public providers spanning all States and Territories in Australia and offering training in an increasing number of overseas locations.

TAFE’s strengths I am sure are understood by this audience.

TAFE has an enormous reach nationally and a very strong regional presence. It has demonstrated expertise in delivering across the full range of AQF qualifications; strong industry and community linkages and an educational as well as a commercial focus.

**TAFE faces challenges**

The TAFE system in Australia is currently undergoing significant change as it responds to:

1. the rise of some industries and the decline of others
2. the emergence of new technologies and new organisational procedures and processes
3. new demands by students for higher qualifications
4. a labour market that values high skilled, rather than low skilled workers
5. increased competition for students from universities and private providers
6. new requirements from Australian governments ie the shifting political climate
It is the last challenge that I particularly want to focus on in today’s presentation.

The overarching policy context for vocational education and training was set by the Council of Australian Governments (COAG) in mid 2012.

**COAG and the National Partnership Agreement**

In 2012 the Council of Australian Governments (COAG) agreed a National Partnership Agreement for Skills Reform which “will contribute to the reform of the Vocational Education and Training system to deliver a productive and highly skilled workforce which contributes to Australia’s economic future and … enables all working age Australians to develop skills and qualifications needed to participate effectively in the labour market”.

The Agreement identified a number of reform directions, including:

- introduction of a national training entitlement and increased availability of income contingent loans
- improving participation and qualifications completions at higher levels
- encouraging responsiveness in training arrangements by facilitating the operation of a more open competitive market
- recognising the “important function of public providers “ in servicing the training needs of industries, regions and local communities” and their “role that spans high level training and workforce development”
- assuring the quality of training delivery and outcomes

At the heart of these reforms is the adoption of the Commonwealth proposal for a **national training entitlement** and **a more open and competitive training market**.

VET reform nationally revolves around the idea of a student entitlement, which can be ‘spent’ with either a public or private provider. In theory, this will drive competition and improve quality.
While the National Partnership Agreement between Australian Governments recognises the important role of public providers it is clear that State and Territory governments are interpreting that role in very different ways.

Before I discuss some State/Territory responses, it is worth noting that while governments can agree on the principles underpinning VET reform, there is no common agreement across Australia’s states and territories about:

- the nature of entitlements for students;
- the quality criteria that should be applied to providers in receipt of public funds
- and about the governance arrangements for public providers or recognition of the role of public providers in servicing local communities.

Indeed in one state within 3 years the market share of public providers (TAFE institutes) has fallen from 75% to under 49%, mainly because of the massive growth in private training providers receiving government funds.

In this State, TAFE’s important role, as identified in the COAG agreement has not been recognised. TAFE has become just another provider.

More of that later………..

**TDA maintains that:**

TAFE institutes play an active role in planning for local and economic development and developing the knowledge and skills for innovation and over the past decade have embraced a number of reforms.

TAFE has been operating in a competitive market since the 1990s with the introduction of user choice. TAFE institutions see the benefits of
competition in driving greater responsiveness to clients, greater agility and innovation in their services and products.

TAFE does not support competition where competition is driven by the lowest pricing mechanisms encouraging rampant commercial behaviour with a real threat to the quality of the learning and teaching and the outcomes for students and employers.

In November 2011 TDA argued the Case for National Charter for TAFE, a paper that was distributed widely and is available at www.tda.edu.au

At the Annual General Meeting of TDA in May 2012, members endorsed the National Charter for TAFE.

The Charter has 4 principles:

1. Fair and adequate funding of TAFE services

   The continued viability of public TAFE institutions as ‘full service providers’ is an integral component of the ‘Implementation Plans’ of all jurisdictions in a national VET entitlement system. This requires fair and adequate funding of TAFE services, to meet community service obligations, and ensure accessible and equitable programs, with support service available to individuals, industries and communities.

2. Quality criteria are substantially enhanced as the basis of value for money in public funding in a competitive VET system

Government funding decisions require the application of coherent and nationally consistent quality criteria that assure:

- Enhanced standards for nationally registered training organisations, beyond minimum registration requirements
- Contractual obligations for all RTOs receiving public funding for VET programs including the requirement for full and continuing
compliance with the quality standards required by the ANVR, the AQF and agreed validation measures.

3. Governance enables flexibility and responsiveness

- Healthy competition depends on transparency, accountability and devolution of governance
- Sufficient authority must be devolved to TAFE Institutes to enable them to respond flexibly in competitive training markets.
- Equivalent standards of transparent reporting and accountability should be required of all VET providers in receipt of public funds.

4. Recognition of the innovation and leadership roles of TAFE, including its pivotal position in rural and regional Australia

To achieve COAG economic goals, governments should engage with TAFE providers as the VET industry leaders.

The Charter informs all TDA communication with Ministers and senior officials and drives TDA advocacy.

*How have the States and Territories responded to the COAG agreement?*

Today I will focus on 4 States that best illustrate the government policy drivers – economic growth; deficits and market design and best reveal the consequences of VET reform for TAFE.

**Key features of skills reforms in States and Territories**

**Queensland**

- Qld below national average for VET participation across all age demographics (in NSW about 9.5% of 15 to 64 year old participate in VET, in Qld about 7%).
- Government will join the National Regulator, ASQA
• The Newman Government is reviewing future VET policy via the Qld Training & Skills Taskforce
• The interim report of that Taskforce has now been published and recommended that:
  • 44 of the state's 82 campuses should be shut, including 10 of 15 in Brisbane and 11 of 26 in far north Queensland
  • A ‘rationalised’ structure for regional TAFEs
  • More autonomy for TAFEs by transferring their governance to a statutory authority

Additionally the Taskforce maintained that the TAFE sector is hamstrung by archaic industrial relations agreements, underutilised infrastructure, high costs and low productivity.

The Government is not responding to the recommendations until it receives the final report in November.

South Australia

• TAFE SA will be proclaimed a statutory authority whose CEO reports to a Board on 1 November this year. The 3 TAFE Providers in SA. South, North and Regional Managing Directors report directly to the CEO of TAFE SA
• The new TAFE SA Board will report directly to the Minister. Its members have just been announced
• SA quality assurance is through ASQA the National Regulator
• Skills for All is South Australia’s framework for its suite of skills reforms
  • All South Australians aged 16 and over are eligible for a government subsidised place.
  • Certs I & II plus some critical skills qualifications (eg Cert III Electrotechnology) have no student fees, but above these
levels fees apply and are very complex, based upon units of study not qualification being studied. There are maximum fees and concessions will continue to apply.

- Diploma and above qualifications have access to VET Fee Help income contingent loans through the Commonwealth, trial of loans at Cert IV.

The impact on TAFE of the SA reforms (introduced in July 2012) is not yet clear. TAFE enrolments are currently higher than they were in 2011, however it is expected that the private providers will ‘get their act together’ and enter the training market.

**New South Wales**

The Minister for Education, Adrian Piccoli set the scene for VET reforms in that state via a recent media release:

“The Government is receiving $2.5 billion less in revenue each year….along with the increasing cost of delivering education and training services across NSW by an average of 6% each year means general expenses in the education portfolio have outstripped growth in Government revenue and this is simply unsustainable”.

The Government has announced changes to commence from 1 January 2013.

- Fees in TAFE will rise by 9.5% to a level still below the national average and the student concession fee from $53 to $100
- A reduction in staff numbers in the Department of Education and Communities
- A review of central support functions for TAFE NSW and efficiency improvements resulting in the reduction of around 800 positions over the next 4 years.
Victoria

The Victorian Government has applied market design principles to its training sector more wholeheartedly than any other State or Territory in Australia.

VET reforms coupled with Budget cuts have had a dramatic impact on TAFE in Victoria. TAFE continues to lose market share – In 3 years its share dropped from 75% in 2008 to under 49%.

In 2011 the Victorian Government invested $400 million into VET provision to boost participation, only to find a series of scandals in the media and Parliament.

Ironically the Premier Ted Baillieu summarised some of the VET policy failures in an address to Parliament on 16 August this year

“Enrolments had exploded for courses that were cheap to deliver and were profitable for providers but which did not deliver on the job. When cash is offered (to students) for training courses to be undertaken, when iPads are offered and when there is a blow out in one year of $400,000, it has to be addressed. You cannot stay silent. You have to be responsible”.

The Victorian Government had implemented the following VET reforms:

- Competition for Government funding
- Uncapping of student fees
- Expansion of income contingent loans
- 5 bands of funding, resulting in 20% of SCH funding increase and 80% getting a decrease
- 18 TAFEs and 410 private RTOs now all funded at the same level
- Approx. ½ RTOs regulated by ASQA and other ½ regulated by the Victorian Registration and Qualifications Authority.
The big winners in Victoria have been the for profit private providers with Government payments to non- TAFE providers snowballing from $275m in 20120 to $499m in 2011.

AS the Premier said the Government had over reached itself and in 2012 announced savage cuts to the VET budget. The impact it seems will largely fall on TAFE institutes.

Victoria’s Higher Education and Skills Minister, Peter Hall derides the ‘misinformation and scare mongering’ by the Commonwealth Government and the unions; however it is clear that TAFE will bear the brunt of the estimated $300 m cut in the training budget next year.

It would appear that in 2013 six of the 18 TAFEs are expecting deficits ranging from about $600,000 to $8.9million

The upshot of these reforms for TAFE in Victoria is campus closures, course closures and staff redundancies. LOCAL MAGAZINE

Response to State/Territory VET reforms

The Commonwealth Government

Perhaps not surprisingly the strongest comments about implementation of VET reforms by the States are in relation to the implementation of market design (conflated with budget cuts) in Victoria.

The Prime Minister did not mince words – “A complete betrayal of every Victorian who wants to get ahead”.

The Minister Senator Evans has also spoken on a number of occasions about the impact on students and communities of “the serious cuts to funding TAFE by the Victorian Government”.

The Minister is clear however that he still support the COAG principle of a competitive training market.
Industry too has reacted strongly

Innes Willox, Chief Executive, AIG in his address to the National Press Club in August 2012 when referring to the closures of dozens of courses at regional TAFE in Victoria said:

“It is of significant concern to industry that we won’t be able to then drive the skills pool in the future and kids in regional Australia will miss out on opportunities to gain skills and then get into the workforce”

ACCI and BCA support the key principles of a market for VET, including the creation of a market in which all providers compete for students, with purchasing power in the hands of the students so that they can shop around for the provider that offers the best service.

However like AiG, BCA and ACCI spokespersons are on record as expressing their concerns about the speed of Victoria’s adoption of such dramatic changes.

The approach was taken by successive Victorian Governments at a time when there was no nationally agreed regulatory framework (ASQA was established in July 2011) and when a number of other reforms had not been embedded in the system, including review of the Standards (AQTF) establishment of a comprehensive information data base on providers for students and the community.

The way in which market design has been interpreted in Victoria is also problematic.

Jenny Lambert, Director of Employment, Education and Training at the Business Council of Australia pointed out in a recent article in Campus Review that in economic terms public funding distorts the market and can incentivise providers to head down and follow the money trail............

John Ross in an article for the Australian HES on 3 October, States pouring money into non-TAFE training draws on a recently published
NCVER report to identify that Governments have almost tripled their funding of private training since 2007, catapulting TAFEs towards minority provider status. Not surprisingly Victoria leads the pack!

**TDA advocacy campaign**

TDA’s Board recently endorsed a series of strategic and tactical interventions to advocate for TAFE both nationally and within each state and territory. To date, two surveys have been administered as part of an advocacy campaign:

1. A member survey has been distributed to TDA members designed to obtain ideas and input for how the campaign has been run to date and also to identify the pressing issues of concern in each state and territory. This information will inform TDA’s strategic directions into the future and

2. A stakeholder survey for Queensland, as a pilot, to ascertain general community and industry perceptions and attitudes to TAFE and its role in vocational education into the future.

1,000 people in Queensland were surveyed; with detailed responses from 689. *Preliminary* analysis of the data provides some very positive endorsement of TAFE as critical for skills development and providing pathways to employment and further education. TAFE is respected and reliable and offers quality education. The few negative responses observed that it was time for an overhaul of the TAFE system and TAFE teachers are paid too much!

In addition TDA has commissioned Dr John Mitchell to undertake some case studies of what *industry* wants and needs in terms of skills development that will foster:

- productivity (being globally competitive);
• a highly skilled workforce
• skills for the new economy
• regional growth

The case studies will be across states & territories and across industries & will show case the capability of the public provider in delivering for industry.

CONCLUSION

The current political climate does not favour TAFE.

Australian Governments, by and large are obsessed with fostering economic growth; reducing budgets and have embraced a philosophical, rather than rational philosophy that markets will be the way to achieve these goals.

TAFE is commonly identified as an area that needs to be reformed. The reforms especially as implemented in Victoria fail to recognise the important role of TAFE (COAG); ignore the strengths of a public system in which there has been considerable investment over 120 years.

Time seems to be running out for the public provider. It seems that if TAFE institutions are going to survive they will need to re-group, re-focus, and convince their political masters that they are the quality VET providers.

Thank you