Amid all of the bad news about TAFE funding, we are beginning to see a new era in tertiary education in regional Australia.

In response to government funding initiatives, the need to operate effectively in “thin” markets, community and student expectations and the necessity to lift participation rates, there is now a plethora of collaboration and partnership arrangements among regional tertiary education providers.

This is most evident in the strengthening of university-TAFE relationships across regional communities. In late 2011, following 18 months of negotiation, a partnership was formed between the University of Ballarat – a dual-sector institution – and six regional TAFE institutes in Victoria.

This is now the largest, multi-sector tertiary education partnership in Australia and has received $24.8 million of funding from the federal government and $3.3 million from the Victorian government.

Access extends to 80 per cent of Victoria, 35 of 41 regional local government areas, and to 975,000 regional and rural residents.
The initial purpose of this partnership was to extend higher education learning opportunities to Victorian regional students.

Such access is often difficult in the regions. This is particularly the case for those aged 20 to 40 years, who have a TAFE qualification, are employed and who are committed to a regional residence.

Through the partnership with regional TAFE institutes, the University of Ballarat has accredited a suite of bachelor degrees in which vocational education and training certificates, diplomas and advanced diplomas, together with relevant industry experience, are recognised as providing the pathway to an undergraduate degree. The first students are enrolled and over the next couple of years 1600 regional Victorians are expected to take advantage of this opportunity.

Five degree programs are now being taught through TAFE institute partners, with an additional seven programs planned for introduction in 2013.

The central principle that makes the partnership viable is “demand aggregation”. This is where small student cohorts, affiliated with each TAFE institute, are combined across regional Victoria to provide a sufficient critical mass of regional students to sustain effective learning and teaching outcomes delivered locally.

Demand aggregation opens new markets, repositions and strengthens individual TAFE institutes in their regional market and addresses challenges over the regional impact of demand-driven arrangements in “thin” markets.

Using this same principle, the University of Ballarat is poised to establish the Menzies Affiliation with a number of Victorian regional TAFE institutes to teach and deliver selected vocational education and training courses across regional Victoria, which will also provide pathways into higher education.

Changes in the policy and funding of vocational education and training in Victoria have given rise to this affiliation, named after Robert Menzies, who was born in regional Victoria and whose life story emphasises education as the driver of opportunity.

By marshalling student demand for vocational education and training from across regional Victoria, it becomes possible, through the involvement of TAFE institutes working as part of an affiliation, to jointly deliver selected programs in the regions where students live and work and where they have access to industry placements and training facilities at their local TAFE institute.

This will have two advantages.

First, it has the potential to consolidate and widen the vocational training market in regional Victoria where successful courses within individual TAFE institutes can be marketed across the Menzies network, thereby expanding the student load and revenue potential of such programs.
Second, the Menzies Affiliation would provide opportunities to preserve programs deemed important for regional skill needs and sub-regional industrial and occupation requirements, but which are unavailable because of small numbers and/or a reduction in the state government funding subsidy.

Through the Menzies Affiliation, there would be the benefits of aggregating the student demand across regional communities and streamlining program co-ordination, teaching practice and management as well as providing access to best training practice and equipment across regions.

Horticulture, for example, is an area which has strength across regional TAFE institutes in Victoria but funding subsidies have decreased.

Modelling has shown there to be sufficient demand across regional Victoria to grow horticulture programs via the Menzies Affiliation and to develop expertise and delivery specialisation, strengthening even further the program viability of horticulture in regional Victoria.

In contrast, accounting is an area where there is a critical skills shortage in regional Victoria and it also suffers thin demand and subsidy reductions. It is unlikely all regional TAFE institutes in Victoria will continue delivering accounting. However, with the Menzies Affiliation, accounting and related financial services programs could be aggregated under a distributive teaching model with potential to grow.

Tourism and Hospitality offers yet another example of where funding subsidy changes have challenged the viability of offering these courses in regional areas other than through institutional collaboration.

The business case for the selection of appropriate VET programs for Menzies Affiliation delivery brings together three drivers: pricing adjustment, skill shortages and market degradation through thin markets. When each of these is analysed, an aggregated demand model for VET delivery of selected programs across regional Victoria is able to be developed and is viable.

What will be the outcomes from the Menzies Affiliation? A wider range of vocational education and training programs to more areas at a reduced cost to the Victorian government. And, it will embed scalability, flexibility and sensitivity to Victorian regional and sub-regional skill needs as key drivers in the delivery of vocational education.

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