

**Association of Colleges (AoC) & Learning and Skills Improvement Service (LSIS)
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**Pam Caven, Director Policy and Stakeholder Engagement
TAFE Directors Australia**

Thank you for inviting me to speak at today's seminar, on behalf of TAFE Directors Australia.

TAFE Directors Australia

By way of background, TAFE Directors Australia (TDA) is the peak national body incorporated to represent Australia's 59 publicly funded Technical and Further Education (TAFE) institutes. The core business of TDA is to support our member institutes and lead the advocacy for quality skills development in Australia at a national level.

Australia's 59 TAFE institutes have 77% of publicly funded students and deliver 84% of publicly funded accredited national training in more than 1300 locations across all states and territories.

TAFE Directors Australia

On behalf of its members, TDA:

- develops policy positions
- conducts projects
- organizes a major annual Conference and other seminars and
- advocates for members' interests with federal politicians and senior government officials.

TAFE institutes

TAFE institutes are variously known as Institutes, Colleges and Polytechnics and, in Australia, include five dual-sector universities.

They are the major deliverers of accredited training and education across the spectrum of the Australian Qualifications Framework (AQF).

Their delivery includes senior secondary school certificates, vocational certificates, diplomas, advanced diplomas, associate degrees, bachelor degrees and graduate qualifications, in a range of contexts – institutional, workplace and online – and in

partnership with a variety of national and international organizations, including schools, colleges, universities, enterprises and community organizations.

TAFE institutes - some facts

- The total number of students undertaking publicly funded training in Australia is 1.7 million, and just over 1.3 million studied at a TAFE.
- The Vocational Education and Training (VET) qualification most frequently studied is medium skilled Certificate III – 30% of students.
- The most popular courses are management and commerce; engineering and related technologies.
- TAFE institutes have a large footprint nationally.

Current Australian Government policies

The current Government policy context for TDA in the coming year and beyond is lengthy and includes:

1. the Australian Government's participation and productivity targets
2. competition and contestability (market-driven TAFE)
3. the emerging tertiary landscape
4. a new national regulatory framework
5. the quality of VET teaching and learning
6. social inclusion – especially participation of low socio-economic background students (low SES)
7. better TAFE infrastructure
8. sustainability/Green Skills
9. rural and regional participation in education and training
10. youth unemployment rates, and
11. the international student market.

This morning, I will outline TDA's position on only the first four of these policy areas:

1. The Australian Government's participation and productivity targets
2. Competition and contestability

3. The emerging tertiary landscape
4. The Australian regulatory framework.

The Australian Government's participation and productivity targets

Prime Minister Julia Gillard in a speech to the Committee for Economic Development of Australia (CEDA) on 1 February 2011 outlined the challenge facing Australia:

“After three decades when unemployment was our major problem, we now face shortages of labour – a problem unmatched anywhere in the industrialized world”.

She went on to say that “it is vital that we unlock all the potential of our labour market for young people and adults...The government's goal is to create the best education system in the world, including **a world-class, market-driven TAFE and vocational training system**”.

There were a number of key messages for us at TDA in the Prime Minister's speech:

- Australia has '**skills shortages**': the Prime Minister referred to a likely shortfall of 36,000 trades people for major resource projects by 2015.
- There need to be strategies to encourage **greater workforce participation**, especially of youth and adults who are seeking more work and people on disabilities pensions.
- The **productivity committee of the Federal Cabinet** is working on “overhauling vocational training”. (which now appears to be code for a more market driven approach to funding)

The key words are **participation** and **productivity**.

Council of Australian Government's (COAG) targets

Increasing participation is the key driver behind the COAG targets for 2020 which are to:

- Halve the proportion of Australians aged 20-64 years without a Cert III qualification
- Double the number of high level qualification completions (Diplomas and Advanced Diplomas)
- Raise the proportion of young people achieving Year 12 or equivalent qualification to 90% by 2015

- Halve the gap for indigenous students in Year 12 or equivalent attainment by 2020.

These are ambitious targets but they underpin a range of Government policies, as do the targets identified by the review led by Emeritus Professor Denise Bradley AC, *Transforming Australia's Higher Education System*.

Skills Australia in its discussion paper, "Creating a Future Direction for Australian vocational education and training" published in late 2010, identified major barriers to Registered Training Organizations (RTOs) in delivering on the Government's targets, including:

- improving the quality of services delivered and indeed, having the means to measure the full range of benefits the sector generates for individuals and enterprises
- developing the capability of VET professionals.

Bradley Review targets

The Bradley Report is a watershed document for Australian tertiary education with the Australian Government adopting the great majority of the review panel's recommendations.

The Report's recommendations included:

1. key targets for attainment:

- a. 40% of all 25 to 34 year olds to hold a qualification at Bachelor level or above by 2025
 - b. 20% of higher education enrolments at undergraduate level to be students from a low SES background by 2020
2. a demand-driven funding system for undergraduate student places from 2012
 3. new quality arrangements
 4. income support reform
 5. increased funding to support participation by low SES students.

The focus of the Bradley Review was on universities; nevertheless, key recommendations of that Review have had significant implications for the TAFE system.

The Australian Government has accepted these targets and has allocated incentive funds to achieve them, although at this stage, the great bulk is available only to universities.

The uncapped student funding will be introduced for universities in 2012; and new regulatory and quality arrangements are already being introduced.

Competition and contestability

Since the early 1990s governments have pursued strategies to create a 'competitive training market'.

The current Australian Government has continued that trend.

The Government articulated its philosophy in its policy statement, *Skilling Australia for the Future*:

“Introducing greater competition to the training system, including contestability for Government funding, and providing public institutions with the flexibility to compete, will ensure that training providers are better able to respond to industry and employer needs”.

This policy has been endorsed by COAG and progressively adopted by the various State and Territory Governments.

The states and territories are still the principal owners and funders of vocational education and training. In 2009, for example, the Australian Government was responsible for 33% of funding and the states and territories for 45%. The contribution of the Australian Government has increased over time and that of the states and territories has declined.

The principle that governments have espoused is a move from a supply driven (provider driven) to a 'demand' driven tertiary education and training system that is responsive to the skill need of individuals and enterprises.

However, while Higher Education has been given a Structural Adjustment fund to help universities adjust to the new demand-driven system, there's been no parallel fund for the TAFE institutes.

Importantly, it appears that, currently, there is a strong reinforcement of the perception that industry needs to get back in control of the TAFE agenda with the persistent argument that TAFE needs to be more flexible, more responsive and more efficient.

Victoria – a case study

Victoria has embraced competition and contestability for government funds more wholeheartedly than any other state or territory.

The Victorian Government in July 2009 introduced full contestability for diploma courses and this was extended to Certificates I – IV in January 2011.

TDA believes that the trends are worrying. A recent analysis by the Victorian government's skills authority indicates that private training providers are growing more rapidly in provision of publicly funded training than publicly funded TAFE institutes and that 5 of the 19 TAFE institutes in Victoria are contracting in the new competitive market.

TDA's position – competition and contestability

In principle, TDA supports:

- the move from a supply-driven to a demand-driven tertiary education and training system, with some significant qualifications
- competition that challenges providers to be more attuned to their clients, whether they are students or enterprises, within Australia, or abroad
- competition that fosters more diverse and more innovative responses to client needs.

TDA believes, however, where competition and contestability are focused on **cost-price**, there can be negative consequences. That focus will:

- drive down quality of provision
- foster high risk operations
- be a disincentive to innovation and diversity
- unfairly advantage some providers (that is, not a level playing field)
- skew delivery to cheap courses rather than areas of skill need
- not facilitate tertiary interconnectedness.

TDA argues that it is not a completely even playing field. There is no doubt that TAFE institutes are often constrained in this new competitive environment by such factors as government reporting and compliance arrangements; inflexible Industrial Relations and wage setting arrangements.

Compliance extends to both public and commercial activity and there are no clear lines of demarcation between the government as the funder of VET and the owner of the public system.

The emerging tertiary landscape

The Australian Government has taken a number of initiatives that advance the formation of the tertiary sector:

- The formation of a single Ministerial Council for Tertiary Education & Employment (MCTEE).
- The revised Australian Qualifications Framework (AQF) which presents a continuum of qualifications within a single qualifications architecture.

The intention was that the AQF would 'result in an increasingly integrated tertiary sector, with stronger pathways between VET and Higher Education'.

The Bradley Review outlined a vision for an Australian tertiary sector with six '*Key Characteristics of an Effective Tertiary Education and Training System*':

- Equal value given to both VET and higher education
- Recognition that while institutions may have a primary mission in one sector, they should be able to offer qualifications in the other sector in the terms of current arrangements
- A shared and coordinated information base
- An integrated response to enterprises
- An efficient regulatory and accountability framework
- Clearer and stronger pathways.

Further, in its recommendations, the Bradley Review specifically outlined some initial steps required to make these characteristics a reality.

TDA's position – A Blueprint for Australia's Tertiary Education Sector

TDA has contributed to this debate by releasing in July 2010, *A Blueprint for Australia's Tertiary Education Sector*, (www.tda.edu.au).

TDA believes that a vibrant and diverse tertiary sector offers the best chance for boosting Australia's productivity through increased participation in tertiary study.

TDA sees TAFE institutes as an integral part of that diversity as both standalone institutes offering Higher Education degrees or as partners of other higher education providers.

TAFE institutes:

- have a strong track record in working with students from low SES backgrounds (in fact, TAFE scores higher than HE on all equity benchmarks)
- support industries and enterprises to achieve their workforce development goals
- have developed specialist expertise in a range of niche industry areas, for example, viticulture, equine studies, design, and in areas of critical skills shortage, for example, nursing
- have a very large foot print nationally, with an especially strong presence in a range of regional centres.

TDA has endorsed:

- The **definition of tertiary qualifications** as ‘those at diploma level and above
- The creation of a set of more unified tertiary education protocols incorporating **new nomenclature for a wider range of organizational types** and facilitating a single approval process for institutions operating in both Higher Education and VET
- Progressive movement towards a **single tertiary regulator**
- TAFE institutes offering degrees having access to **funding for Commonwealth Supported Places.**

Since the release of the Blueprint there have been a number of developments indicating progress:

- Eleven TAFEs are now registered to offer higher education, and the whole SA and NSW TAFE systems are now registered to offer higher education qualifications. TAFE offers higher education in every state except Tasmania and in the Northern Territory where it is part of the dual-sector university.
- The University of Ballarat developed a partnership with a number of regional TAFE institutes in Victoria enabling them to offer that University’s degrees (and not be reliant on developing their own).
- Both the NSW and Victorian Governments have developed tertiary education plans, which recognize the role of TAFE in the provision of Higher Education. The Victorian Minister for Higher Education and Skills has announced as one of his top

priorities increasing the number of bachelor degree courses offered at rural TAFE campuses.

- The University of Canberra has announced its intention to become an 'omniversity', encompassing all stages of the education process and including private providers under the university umbrella.
- In September, Queensland's Premier Bligh approved a new dual-sector university through the amalgamation of Central Queensland University with Central Queensland Institute of TAFE.

A number of TAFE institutes now offer the full suite of AQF qualifications from Certificate 1 to HE degrees.

However, at this stage, it would appear that the focus of the Australian Government's policy arrangements has been more on supporting higher education, and that we are currently seeing a widening of the gap between the TAFE and university sectors. John Ross in a recent article in *Campus Review* drew attention to this issue and included a matrix which, against a list of significant criteria, identified the widening gap between Higher Education and VET in Australia. The handout tells the story more fully...

Australia's new regulatory arrangements

The Bradley Review foreshadowed a new set of regulatory arrangements for the tertiary sector. Indeed that Review recommended the establishment of a single tertiary regulator.

The Australian Government responded in the first instance with the establishment of:

- the Australian Skills Quality Authority, and
- the Tertiary Education Quality and Standards Agency (TEQSA).

The Minister for Tertiary Education Skills, Jobs and Workplace Relations has signalled his intention for the two authorities to merge by 2013.

The Australian Quality Skills Authority (ASQA)

The disasters in Australia's international student market provided a powerful incentive for the establishment of a new quality regime.

ASQA will be:

- an Australian Government statutory authority, operational from 2011

- its primary functions will be:
 - Registration of providers
 - Audit of registered training organizations
 - Accreditation of courses
- responsibility for all RTOs operating in all states, except Victoria and Western Australia.

Any RTO wishing to work with international students will need to be registered with ASQA.

A Standards Council will be established to advise the Ministerial Council on the national standards for regulation– and there are still weaknesses in the Standards.

TDA’s position – a single national regulator

TDA supports a national regulatory system as offering the best chance of national consistency in regulation and accreditation of RTOs and the achievement of a new level of quality.

TDA has argued the case for institutions operating in VET and Higher Education to be subject to only one approval process.

In our Blueprint, TDA argued that there should be **one national tertiary regulator**. TDA’s view is that this would facilitate movement of students between sectors.

There is a need for an improved single and rigorous regulatory system (with a focus on consistency and transparency) that would begin to repair the damage to Australia’s international market.

Overall, TDA is supportive of the view that if we are going to expand the market through student and employer choice, it needs to be done within an environment of a stronger quality regulator. The growth of regulatory requirements and the need for regulatory structures seems to have coincided with the growth in the competitive and contestable approach to the provision of education and training.

Tertiary Education Quality and Standards Agency (TEQSA)

TEQSA will be:

- an Australian Government statutory authority led by a CEO responsible for both setting and regulating standards
- responsible for the Higher Education Protocols – the basis of new Provider Standards.

In reality, TDA has consistently argued that the latest changes to the Provider Categories have done nothing to foster further diversity in tertiary education.

TDA appreciates that there is no will on the part of the Australian Government or the Department of Education, Employment and Work Relations (DEEWR) for further change of nomenclature until after TEQSA is established. However, the TDA Board is committed to arguing a case for greater diversity in tertiary education.

CONCLUSION

TDA argues that since late 2008 when Bradley proposed “a more coherent approach to tertiary educational provision”, the policy settings that separate TAFE and Higher Education have, in fact, been widened.

The evidence is the introduction of uncapped funding for universities; Australian Government funding interventions; establishment of the new regulatory framework and the perception that TAFE is the problem.

Do join us at TDA’s National Conference in beautiful Sydney – Sunday 4 September to Tuesday 6 September.

Thank you.