PRESENTATION TO THE PUBLIC HEARING FOR THE INQUIRY INTO THE ROLE OF THE TECHNICAL AND FURTHER EDUCATION SYSTEM AND ITS OPERATION

7 June 2013

TAFE Directors Australia welcomes this opportunity to appear before Members of the House of Representatives Standing Committee on Education and Employment regarding its inquiry into the role of the Technical and Further Education system and its operation.

TAFE institutes are the major deliverers of accredited vocational education and training across a broad spectrum of the Australian Qualifications Framework (AQF).

By simply being in place, TAFE institutes ensure access to comprehensive training and education opportunities to meet the needs of industries, communities and individuals by having that coverage across Australia. Quite simply, TAFE has a scale and reach which has never been replicated by the private training sector, nor is it likely to be.

However the network of government owned public providers, TAFE, is now under threat. It is in danger in some jurisdictions of becoming the residual provider of last resort of training that private training providers don’t want to do or are unable to do. The cost of eroding the long term viability of TAFE will mean less skilled workers for Australian business in areas of critical skills shortage and less access for individuals, especially in rural communities. TAFE institutes act as a bulwark against market failure.

TDA’s response to the wide ranging terms of reference of the Inquiry is in essence that TAFE institutes play a distinctive role in delivering on Australian governments’ economic and social agenda priorities for skills development across a very broad range of industry areas.

TDA maintains that the distinctive role of TAFE as Australia’s quality providers of technical and further education ought to be articulated in national agreements between Australian governments, however it must go beyond rhetoric. TDA believes that there should be a review of base funding for TAFE institutes so that there can be proper acknowledgement of its pivotal role for individuals, industry and communities.
TDA’s National Charter for TAFE released in 2012 underpins the TDA submission to this Inquiry:

**PRINCIPLE 1**
That funding of public vocational education and training (VET) provides value-for-money and is sufficient for the comprehensive educational and training services necessary to achieve COAG targets.

**PRINCIPLE 2**
That substantially enhanced quality criteria are the basis of value-for-money in public funding for a competitive VET system.

**PRINCIPLE 3**
That fit for purpose governance enables flexibility and responsiveness.

**PRINCIPLE 4**
That TAFE should be recognised for its innovation and leadership roles, including its pivotal position in rural and regional Australia.

TAFE provides the lion’s share of skills development in advanced technical areas and in apprenticeship training; however what is less well appreciated is that over 80% of TAFE’s delivery addresses critical skills shortages across a broad spectrum of industries.

Industry understands and values this capability of TAFE – whether attested by Innes Willox of the AIGroup or via the 75 case studies authored by leading VET researcher Dr John Mitchell that document TAFE’s capability, exploding a myth that rears its head at times that somehow TAFE is unresponsive and remote from industry needs.

Typically, private training providers are small scale in that they generally provide only a small number of courses and enrolments in a limited number of vocational areas. They simply lack the scale to replicate the depth and breadth of provision of TAFE institutes in most areas of high economic priority.

TAFE is a public asset and should be acknowledged for its contribution to the Australian economy.
If there is any crisis of confidence in the vocational education and training sector on the reliability of the qualifications issued or the skills developed, it’s not with the quality of TAFE provision. All the evidence indicates that TAFE does that very well.

A recent report by the Centre for Policy Development indicates that the TAFE sector provides a greater share of the benefits, for industry, the community and the individual, as against other providers:

- TAFE is the main training provider outside metropolitan areas;
- TAFE provides more training towards skills in shortage; and,
- TAFE serves a disproportionate share of students with disabilities;
- TAFE provides costly training in areas such as mining and construction skills, while some private providers ‘skim off’ cheaper and more profitable courses, at the expense of the taxpayer.

A significant challenge for governments is to create structures that can cater for the needs of mature-aged students and students who will not follow conventional pathways to tertiary education. In these respects, TAFE is an increasingly important pathway to further training and/or higher education and TAFEs.

There are a small but growing number of TAFE institutes that are offering higher education qualifications, including bachelor degrees. Students, many of them first in family, from low SES backgrounds, regional and remote backgrounds are achieving higher education qualifications that it is doubtful could have been achieved through a university pathway.

TDA argues that students studying higher education in TAFE institutes ought to be eligible for the same Commonwealth Supported Places as university students.

The distributed network of TAFE institutes across Australia provides affordable access to students so that they can study in their own communities.

TAFE institutes are an integral part of many rural and regional communities as employers, purchasers and as educational institutions working with local enterprises to meet their skills needs and with schools and universities to
ensure a smooth transition between the sectors.

TAFE institutes operate in ‘thin’ markets where the actual or potential number of students is too small, relative to the cost of delivery.

Just by being in place across Australia’s regions TAFE institutes offer an important benefit to the health, prosperity and well-being of these communities – it IS a community asset.

On this basis, the role of TAFE in regional and remote Australia ought to be recognised and funded appropriately.

TAFE institutes have been in competitive markets since the early 1990s and appreciate the benefits of driving greater responsiveness to clients, greater agility and innovation.

However, TDA does not support competition where competition is driving lowest pricing mechanisms encouraging rampant commercial behaviour with a real threat to the quality of the qualifications being issued.

TDA maintains that in a truly contestable environment TAFE institutes ought to have greater operational autonomy, free of the strictures of public service style governance models.

We have, in Australia eight different funding models, with each jurisdiction taking its own approach towards introducing greater contestability.

Victoria’s model for VET is radical in that it allows virtually no distinctive role for TAFE in relation to private providers and therefore funds public and private providers on the same basis.

- As a result, the TAFE share of Victorian public VET funding has declined from 66% in 2008 to 45% in 2012.

- As has been well-documented, Victoria’s virtual ‘open access’ to funding, compounded by the sudden removal of $300 million a year in funding from TAFE (about 25% of its public funding), has resulted in a severe dislocation of the whole Victorian training system from budget blowout to the degradation of the public TAFE system.
This appears to be in flagrant breach of both the spirit and intent of the National Partnership Agreement which requires signatories to support the development and implementation of strategies which enable public providers to operate effectively in an environment of greater competition.

While other jurisdictions have moved in a more measured and orderly way towards contestability, the undoubted challenge that contestability presents to the TAFE sector has been intensified by funding cuts or changed pricing models in other jurisdictions, notably in New South Wales and Queensland.

The Australian Workforce and Productivity Agency’s Future Focus report notes that, between 2006 and 2010, government real recurrent expenditure on VET increased by 10% but expenditure per student annual hour actually decreased by 14% during the same period.

Somewhat more alarmingly, the agency finds that while recurrent funding since 1999 has increased or remained steady in other education sectors, it has fallen 25% for vocational education and training.

CONCLUSION

In conclusion, TDA recommends to this Committee that:

- The role of TAFE institutes as quality, industry and community focussed full service providers needs to be formally articulated in a national funding agreement
- A review of the TAFE base funding is undertaken in order to ascertain the optimum funding required to sustain the public provider network
- The funding of the comprehensive or full service provision role of TAFEs should be guaranteed, separate to contestable funding
- A set of national quality principles be defined as the basis for distribution/allocation of public funds for vocational education and training