Senator the Hon Christopher Evans  
Minister for Tertiary Education, Skills, Jobs and Workplace Relations  
Leader of the Government in the Senate  
6 September, 2011

Speech

TAFE Directors Australia National Conference 2011 'Balancing the big issues'

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Sheraton on the Park  
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Acknowledgments

I would like to acknowledge traditional owners and custodians of the land on which we meet today—the Gadigal people of the Eora Nations—and pay my respect to their elders past and present.

I’d also like to acknowledge:

- Martin Riordan—CEO TAFE Directors Australia  
- Stephen Conway—Chair, TAFE Directors Australia  
- TDA Board Members and staff.

Introduction

Tafe Directors Australia is a strong advocate for TAFE and an important participant in national policy debates, so I welcome the opportunity to address you today.

I also welcome the opportunity to acknowledge the fundamental role which Australia’s TAFE system plays in the vocational education and training sector in our country.

Our TAFE network is an essential public institution and one which this Government values highly. TAFE is on the frontline when it comes to giving Australians the skills they need to get a job and secure their future.

It is also the TAFE system that has the ability to reach those in our community who have had poor school experiences, who are marginalised or who have only been intermittently connected to the world of work and formal education.

It is TAFE that can bridge the gap between isolation and disadvantage and meaningful, skilled work.

It is system that each year literally transforms the lives of thousands of Australians – giving them the skills they need to succeed.
And never before has the task of skilling Australians been so central to the nation’s economic well being. Ours is a patchwork economy and an economy which is undergoing restructure.

We are experiencing an unprecedented demand for skills as the resources and construction industries boom.

But demand for our resources is producing a high Australian dollar which in turn is putting pressure on export-exposed and manufacturing industries.

In recent weeks we have seen the human impact of these changes as hundreds of BlueScope Steel workers face the prospect of losing their jobs while BHP was announcing record profits.

Australian retailers are adapting to the movement of retail online and our ageing population is driving demand for related health and aged care services and contributing to skills shortages.

Our workforce is shrinking and we need to encourage greater participation from those who are not currently engaged in work.

And the very nature of work itself is changing due to the impact of rapid technological change.

We are seeing high skill jobs grow at 2.5 times the rate of other jobs.

Skills Australia forecast that we will need an additional 2.4 million people within the workforce with qualifications at Certificate III or higher by 2015. To meet industry demand, that figure will rise to 5.2 million by 2025.

The sheer pace of change in our economy represents a real challenge for the VET sector – to retrain workers in industries that are in decline, provide skilled workers for industry experiencing growth, and provide highly skilled workers for the new innovative industries that will emerge in the future.

We need to shape our plans for VET reform to deal with these immediate pressures and to prepare for the longer term opportunities in our economy.

That’s our shared challenge.

A challenge that demands a flexible, responsive, quality vocational education and training sector.

A sector that delivers high-level training that meets the needs of employers and students, supports competitive industries and caters to future jobs growth.

A transparent sector where funding is targeted to skills needs and where employers and students can choose high-performing organisations that meet their needs.

And critically, a sector that facilities increased participation for Australians of all ages and from all backgrounds.

As the oldest, the biggest and the most respected VET provider in Australia, TAFE must play a central role in the development of our future workforce.

TAFE not only has a proud place in Australia’s economic history—as a source of skills and social mobility for millions of people—it has a pivotal role to play in Australia’s economic future.

Millions of Australians are going to rely on TAFE to give them the education and the skills needed to maximise their personal potential and develop their skills to drive our productivity and national wealth.
And that’s why the Australian Government wants to work with the TAFE system to give it a stronger future.

**Government investment in TAFE**

COAG’s targets point to the scale of the effort required to address skills shortages in the economy. They involve halving the proportion of 20-64 year olds without qualifications at Certificate III level and doubling the number of higher qualification completions by 2020.

In response, the Australian Government has made significant investments in the VET sector which are contributing to the development of a strong, flexible TAFE system.

Total investment in the Vocational Education and Training for the 2008-09 to 2010-11 financial years is $11.1 billion.

This compares with $6.8 billion for the Commonwealth’s expenditure on VET over the three years 2005 to 2007.

Included in Labor’s investment has been $710 million in capital for investment in VET facilities and $685 million in capital for Trade Training Centres in schools.

It is a significant investment and one well made.

In the 2011–12 Budget, we announced the Building Australia’s Future Workforce package a $3 billion investment over six years to give industry the skilled workers it needs to grow and prosper, and give more Australians the training and the life opportunities that come through having a job.

The package includes a $558 million National Workforce Development Fund, reform of apprenticeships through $200 million of funding, and participation for the disadvantaged with a further $263 million for training in language and literacy and to assist people back into the workforce.

This major investment, made in the context of extremely tight budgetary conditions, demonstrates the priority the Government gives skills in its plans for the future.

Some of you may have already seen a series of television advertisements, which I launched on the weekend, encouraging Australians of all ages to consider improving their skills or gaining a formal qualification.

Many of those who respond to this call will find themselves learning new skills at a local TAFE.

I launched the campaign at an aged care facility in Perth which is accessing training for its existing staff. These were not men in hard hats but care workers, gaining skills and qualifications that provide them with new opportunities to contribute to the care of residents. In a sector that will continue to grow strongly and demand skills as our population ages.

As part of the Government’s Budget investment in delivering a skilled and productive Australian workforce, we laid out a plan to reform our national training system.

Last month COAG agreed to adopt a new national framework of objectives and principles for VET reform by re-shaping the Commonwealth-State partnership and funding arrangements.

It includes a review of the current National Agreement for Skills and Workforce Development, which will be completed by the end of this year, and which will inform the re-negotiation of the Agreement in 2012.

It will also inform the introduction of a new, five-year $1.75 billion National Partnership Agreement focused on VET reform.
I am also very keen to ensure that stakeholders inform the development of these new inter-governmental arrangements. To that end we have recently held two roundtables with representatives from industry, unions and RTOs, including TDA, to discuss the Government’s reform agenda and how it might be achieved.

At the Ministerial Council last week we agreed to host a group of stakeholders, including employers, unions and RTOs, at the next meeting in November to discuss VET reform and inform the inter-government negotiations.

The Government’s objective is to achieve a world class VET system where Australians are able to choose high quality, accessible and relevant training delivered by qualified instructors in institutions with modern supporting infrastructure.

I know there are concerns about a push to implement competition in VET public funding as part of the reform agenda in a number of States.

There is a role for healthy competition to promote greater responsiveness to both employers and students but I believe this can be achieved while recognising and supporting the central role public providers play in skilling Australia. We must recognise TAFEs role in providing access for disadvantaged groups, in rural areas, in capital intensive training and so on.

If the current funding arrangements are acting as impediments to quality, accessibility and responsiveness, then clearly we need to look at changing those arrangements. But we need to do so with the outcomes clearly in mind.

The Government has identified four principles which will guide our reform agenda. These include transparency, equity, efficiency and quality.

**Transparency**

A more transparent system will benefit all users, providers and funders of the VET system. Students will be better able to choose the courses they need to realise their career goals. Employers will get better information about the quality, relevance and costs of the skills they are buying. And training providers will have greater certainty of funding – something I know TAFEs have struggled with.

**Equity**

If Australia is to have the workforce it needs over the next decade we need to lift participation. The VET sector, and TAFEs in particular, have a strong record of engaging disadvantaged groups and giving them the skills they need to break into the labour market.

That is why the Government allocated $263 million in the last Budget for training aimed at assisting people into the workforce.

Once in a job these groups will need to upskill if they are to retain their place in the economy. For millions of Australians TAFEs are the place you go to get the skills you need for the new job or the promotion.

**Efficiency**

I know that for some of you when I say ‘efficiency’ you will hear ‘doing more with less’, especially when you’re already flat out with work.

But efficiency is not code for ‘cuts’ anymore than funding reform needs to be. It’s about ensuring that the right skills are delivered at the right time, more apprentices complete their training, RTOs respond to the needs of employers and students have their existing skills recognised.
Some States have or are currently introducing reforms that seek to provide an entitlement to training and arrange their funding so that money follows students. Most are also considering introducing some form of contestability into VET delivery, albeit a more ‘managed’ approach than was adopted in Victoria. These are decisions that rightly sit with State jurisdictions.

The Commonwealth will not be mandating what form of training market the States implement however we will be mandating the types of improvements we want to see in the VET system, in line with the principles we have outlined.

Quality

Any attempt to improve efficiency must involve a guarantee of quality.

To drive down the cost of training without ensuring that quality is maintained is not improving the system, quite the opposite.

Australian governments at all levels are determined to improve the quality of VET. National quality and consistency of performance are core aims of the longer term VET reforms.

Skills Australia has called for external validation of assessments as a way of ensuring quality standards. I think we need to consider how that might be implemented, along with other measures, if we are to ensure all VET providers are delivering high quality training.

VET Workforce issues

We cannot hope to improve the quality of our VET system without ensuring it has the workforce it needs. The quality of our teachers and trainers is crucial to the future of the sector and in turn raising student performance, creating a better trained workforce and achieving greater productivity and innovation.

As the Productivity Commission and Skills Australia’s recent studies have found, clients’ expectations of the VET workforce are largely being met, student and employer satisfaction ratings are high, and VET students are gaining useful skills that are valued by prospective employers and other educational institutions.

However, the reports also note that a number of demographic, economic, social, technological, and policy factors are creating big challenges for the VET sector that will place increased demands on the VET teaching workforce.

About 95 per cent of VET is delivered by TAFE teachers, so it is crucial for TAFE that these challenges are addressed.

While these workforce issues are the direct responsibility of the states and territories I am looking at what incentives and rewards can be built into the reform National Partnership underpinning the Agreement to encourage States to move forward with us in developing comprehensive and effective workforce planning strategies.

Regulatory Reform: ASQA

Assuring high standards requires a quality regulatory system. And to this end the Government has embarked on one of the most significant reforms in VET: the establishment of a national VET regulator and a national standards council.

ASQA, as you know, commenced operations on 1 July 2011, through the cooperation of governments and stakeholders, including the TDA. Our new single regulatory body for the sector will ensure high standards are enforced and poor performance is not tolerated.
We need providers and industries to have an appetite for change and a willingness to work with ASQA’s regulatory framework.

ASQA has now been in operation for a little over two months.

It currently has responsibility for all RTOs in New South Wales, the Australian Capital Territory and the Northern Territory. It is also responsible for RTOs with international students or multi-jurisdictional operations in Western Australia and Victoria.

All up, this represents about 2,000 providers. And when Queensland, South Australia and Tasmania refer their regulatory powers in the coming months, this number will double.

ASQA commenced operations with a very high volume of work inheriting more than 640 applications. But it will not be lowering its level of scrutiny in order to reduce its workload. Levels of scrutiny will remain high in order to build a strong, well regulated VET sector.

I ask that you all show a little patience and goodwill in these early implementation stages, and provide ASQA with all the necessary cooperation it needs to do its job effectively and efficiently.

I would also like to thank TDA for its constructive input into the consultations around the Amendment Bill the Government recently introduced which picks up on concerns from stakeholders on the initial legislation for ASQA. The Bill includes an Objects section to the main Act, for which TDA argued strongly, and otherwise amends technical aspects of the Act to improve its workability.

International Engagement

Just before I close, I would like to acknowledge the role that TAFE and TDA have in promoting the quality and strength of our VET offerings in the international market.

When I leave today – I am meeting with colleagues from the Mongolian government who are here to sign an MOU with TDA on the provision of VET opportunities for Mongolian students. Many of you may be aware that I recently travelled to India and visited a number of very impressive training facilities provided by Australian RTOs and of course we still have a significant number of Indian students travelling to Australia to study. And more and more, our close neighbours the Chinese also understand the value and quality of our Australian VET system.

Other countries see the value of our TAFE system and want to engage - and in some instances - replicate it. That is a sign of the strength of our public sector and a good thing. So I see TAFE as not only a critical player in our domestic education systems but also in our international engagement on education.

Conclusion

In closing, let me say again how valuable the work of the VET sector is to Australia’s economy and society and to the Government’s agenda.

I want TAFE to play a big role in these reforms, because you not only have a big stake in its outcome, the Australian people have a big stake in you.

Your leadership in the reform process will not only determine how well your institutions thrive, it will determine how well Australia can respond to the demand for new skills that our fast changing economy is now creating.

As the major public provider, and as the leader in equity and innovation, TAFE has to play a positive role in the reform process underway.
Thank you.

-Ends-

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