Submission to Federal Treasury: Budget 2013

Future Skill Strategies – Leveraging the public provider (TAFE) network across city and suburban, rural and regional Australia
About TAFE Directors Australia

TAFE Directors Australia (‘TDA’) is the peak incorporated body for Australia’s 61 TAFE Institutes, including five dual sector universities with TAFE divisions.

Introduction to Treasury submission

This TDA submission to Treasury for Budget 2013 supports initiatives to lift national productivity; a key issue for micro-economic reform identified by the Productivity Commission, and the Department of Industry, Innovation, Science, Research and Tertiary Education (DIISRTE). Specifically, proposals by TDA are designed as moderate in the context of restricted Budget revenues. These proposals also recognise existing commitments from last year’s National Agreement for Skills and Workforce Development, with reward payments proposed to states and territories totalling $1.75 billion over four years through National Partnership Agreements (NPA).

Ministerial meeting

Because of Ministerial appointments at the close of January 2013, this submission was held back to allow for briefings with the incoming Minister for Tertiary Education, Skills, Science and Research, the Hon. Chris Bowen MP, held in Parliament House on Monday 11th February 2013.

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Purpose:

To promote greater consistency and quality of teaching in the wider tertiary sector through a national approach to tertiary workforce development.

Funding:

1. $100M over 4 years to fund the Office for Learning and Teaching (OLT) to encompass all tertiary institutions offering higher education qualifications which are in receipt of public funding for education and training.

Context:

Because of the reputational issues at stake, TDA argues for a widening of the current OLT remit to cover all higher education and vocational education and training institutions registered as receiving public funds.

Currently $50M is allocated over four years to the OLT, an agency under DIISRTE. OLT operates with a mission to provide a range of higher education professional development services and promote research directed to research universities and registered higher education institutions (universities and a limited number of non-universities) in receipt of Commonwealth Supported Place student funding.

TDA proposes a further $50M in the Federal Budget for vocational education and training institutions which are registered for FEE HELP loans and in receipt of public funding (a shared budget from Commonwealth, states and territories). A further $50M may be contributed by states and territories, if this additional ‘tertiary’ focus for the OLT were contingent on their co-contribution, pro rata by jurisdiction.

This Budget provision would leave the OLT with a $150M budget over four years and strengthen quality of teaching and professional development for tertiary teachers and lecturers.

Australia’s tertiary education sector is increasingly evenly divided between research, undergraduate universities and vocational education and training institutions. While collectively the sector contributes more than $14B pa in export earnings for Australia, events over recent years have highlighted sensitivities concerning quality frameworks and, in particular, how well they govern private colleges registered to deliver vocational education and training.

Recommendation 1

Strengthen the quality of tertiary teaching and enhance the reputation of Australia’s tertiary education sector.
Recommendation 1 – Context (continued)

While the Commonwealth has invested in new controls to address this issue, including the establishment of the new regulatory agencies TEQSA (for higher education providers) and ASQA (for vocational education and training), the Productivity Commission has noted that significant gaps remain in teaching standards for vocational education and training. Concerns have been raised in the Productivity Commission Report on Workforce Development about the capability of the vocational education and training workforce to meet the complex and rapidly changing demands of Australia’s future skills needs, especially in the use of new technologies. Along with the Productivity Commission Review, the Baird Review of the Education Services for Overseas Students Act (2009–10), and later the Knight Review on the Student Visa Program (2011–12) highlighted the importance of quality standards – especially in teaching – to the ongoing success and reputation of Australia in the Asian region.

The Productivity Commission highlighted the importance of governments, both as employers, and as funders of vocational education and training, to supporting the development of the workforce to ensure quality of teaching and learning. This issue relates directly to productivity and the Commonwealth Government’s outcome targets required of the increasingly interconnected tertiary sector in Australia.

The United Kingdom and North America are among several major competitors to Australia for international education. In each of these jurisdictions, significant government investment in raising professional teaching standards has supported the sector. In the UK, this support has been increasingly provided on a cost-recovery basis.

An expanded OLT agency would provide services ranging from the provision of grants to encourage innovation in learning and teaching, the further development of leadership capabilities, the commissioning of research relating to teaching and learning and the sharing of best practice across the tertiary sector, all dedicated to improving student outcomes. Access to the OLT’s services would be limited to higher education institutions approved for Commonwealth Supported Places and Commonwealth-registered ‘VET FEE HELP’ Registered Training Organisations. This would provide a high level of control and create collegiate responsibility for tertiary professionals as part of this increasingly important tertiary sector.

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2. Ibid., Recommendation 10.8 Better coordination, targeting and support of professional development is required. Page LVI.
3. Ibid Page 279.
Outcome:
A highly skilled professional teaching workforce in an interconnected tertiary sector with improved outcomes for students and industry.

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<thead>
<tr>
<th>Funding priority</th>
<th>Amount</th>
<th>Outputs</th>
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<tbody>
<tr>
<td>Recommendation 1:</td>
<td>$100M over four years</td>
<td>Strategic and national approach to tertiary workforce development with a focus on quality teaching and learning.</td>
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**Recommendation 2**

Resumption of investment through the Federal Education Investment Fund.

**Purpose:**

To support capital investment in public technical and further education institutions (TAFE) in order to accelerate its contribution to national productivity and meet the demands of industry, regions, local communities and individuals for technological and advanced skills, especially under the National Broadband Network.

**Funding:**

A provision of $1 billion for a Technology Round for Higher Education and TAFE as part of the Education Investment Fund (EIF).

**Context:**

The Higher Education Endowment Fund was established in the 2007–08 Budget with an initial contribution of $5B by the Howard Government. This fund was broadened by the Labour Government in 2008–09 with the establishment of the EIF. The then Deputy Prime Minister and Minister for Education and Training, Hon Julia Gillard MP, legislated to widen eligibility to TAFE and private registered training organisations. A criterion nominated for the EIF was that further investment would be dependent on Budget surpluses. As background:

- In Budget 2011–12, further provision of $500M was made for a special Regional Priorities Round to EIF, with support from Federal Independent MPs;
- During April 2012, following signing of a National Partnership Agreement (NPA) on Skills by the Prime Minister and State Premiers and First Ministers, these regional funding rounds proceeded for eligible universities, yet approved funding grants to TAFE Institutes located in Australia’s regions were interrupted pending advice on ‘transition support for TAFE’ from the State governments of Victoria, NSW and Queensland;
- Uncapped places for universities have continued through the period since the original EIF fund was created, along with full indexation of federal funds to universities. By contrast, Skills Australia, now the Australian Workforce and Productivity Agency, documented that funding for vocational education and training in real terms had fallen by both the Commonwealth and states and territories; yet enrolments over that time have increased. Despite reduced funding, pressure remains on TAFE and vocational education and training institutions to step-up to skill shortages.
Recommendation 2 – Context (continued)

The current economic circumstances have affected tertiary institutions operating across all states and territories. Yet the technologies required to support online environments and, in particular to support the implementation of the National Broadband Network (NBN) illustrates the capital requirements beyond bricks and mortar required in modern tertiary institutions.

Further, the National Partnership Agreement on Skills nominated key issues facing the Australian public provider (TAFE) network – issues already under the management of the Tertiary Education and Skills Minister, Hon Chris Bowen MP. This NPA included the following provision –

\[\ldots\text{enable public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities}\]

TDA proposes that the new technologies environment is unique and highly relevant to a knowledge economy for tertiary education in Australia. It would be timely to bring forward resumption of Commonwealth investment in the Education Investment Fund to finance critical technology projects across higher education and vocational education and training. This would both maximise the nation’s competitive position in the region for international education and exercise greater participation in the NBN – a key issue for TAFE Institutes which require essential support to lift completions and workforce participation for its 1.8 million students; the majority of whom are part time.

Outcome:

A robust, innovative and responsive public technical and further education sector with the capability to meet the increasing online skill needs of individuals and industry.

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<td>Recommendation 2:</td>
<td>$1B</td>
<td>A Technologies Priority Round of EIF is reinstated, with focus on TAFE Institutes in 2013–14.</td>
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4 CDAG. National Agreement for Skills and Workforce Development, page X.