TAFE IN THE CURRENT POLITICAL CLIMATE: CRESTING THE WAVES

Few areas of Australian public policy have undergone such significant and rapid change as vocational education and training in recent years.

The introduction of ‘contestability’ by the Victorian Government in 2009 and its later adoption by other states and territories has dramatically reshaped the vocational education and training sector.

Australian governments agreed in April 2012 to proceed with a systemic redefining of skills funding in Australia with an entitlement ‘voucher’ system for students and industry – this was the latest in a series of market-driven funding changes to the vocational education and training sector.

By the close of this year, all jurisdictions will have moved to more devolved governance arrangements for TAFE institutes.

The vocational educational training sector has a new Minister, The Honourable Ian McFarlane, Minister for Industry.

The Honourable Christopher Pyne has responsibility for Higher Education and Schools and The Honourable Andrew Robb is Minister for Trade, which includes Austrade.

In representing TDA, the perspective I will be taking in my presentation today is a TAFE perspective, although Ministers responsible for training in the Commonwealth and States and Territories clearly have responsibility for all VET providers, public and private.

So where does TDA stand?

Prior to the Federal election TDA developed a series of position papers for the incoming Government on a range of topics including:

- Employment and economic benefits of additional investment in technical and further education
• Quality in open market ‘national entitlement ‘system
• Maintaining a commitment to skills funding especially in regional areas
• TAFE leadership in international education
• Educational leadership in the delivery of green skills
• Pathways in tertiary education and funding

I will provide a brief summary of these policy positions in the course of my presentation. The full papers can be found on the TDA website.

In addition TDA has written to Minister Pyne requesting action on some of these policy issues and seeking a meeting in the near future.

My presentation

• The role of TAFE Directors Australia
• The contestable market
• Employment and economic benefits of additional investments in technical and further education
• Pathways in tertiary education funding
• Educational leadership in the Delivery of Green Skills
• Quality in open market ‘national entitlement ‘system
• TAFE leadership in international Education
• Conclusion

The role of TAFE Directors Australia

As many of you know TAFE Directors Australia is the national peak body representing the interests of Australia’s 61 publicly funded technical and further education institutes. Every year, our members provide education and training to over 1.7 million Australians seeking new skills and training.

As the peak body TDA seeks to articulate the members' priorities and directions for technical and further education.
To that end, TDA represents its members on key government policy bodies; organises an annual conference & seminars; keeps members informed via a weekly email newsletter; and makes submissions to key government enquiries.

TDA seeks to provide a national voice.
The policy papers are a manifestation of this.
The TDA Conference is another manifestation of this

The title of the recent TAFE Directors Australia Conference was TAFE Redefined. Governments are redefining the role of the public provider and in turn TAFE institutes are redefining themselves.

Conference delegates considered a range of issues, including:

- The economics of skills
- Australia in the Asian Century
- Redefining learning approaches: MOOCs, NBN
- The ‘quality proposition’ – what is it?
- Tertiary connectedness
- Indigenous workers and learners

**TAFE – a big footprint**

As you know, our members have a big footprint in Australia with campuses across the large capital cities through to regional towns and into remote communities.

TAFE institutes have demonstrated expertise in delivering across the full range of AQF qualifications; strong industry and community linkages and an educational as well as a commercial focus.

TAFE is also a major exporter of education and training services, with more than 240 active partnerships in 40 countries and 58,000 students studying off-shore double the number of international students on-shore.
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 and successes in new models of delivery -- perhaps exploding a myth that rears its head at times that TAFE can be unresponsive and remote from industry needs.

Three separate surveys conducted in NSW (The NSW TAFE Commission Board), Victoria (The Victorian TAFE Association) and Queensland (TDA) provide evidence that Industry and the community value the role of TAFE:

The contestable market

All state and territory governments have signed an Agreement with the Commonwealth Government for the implementation of a **national training entitlement** and a **more open and competitive training market**.

VET reform revolves around the idea of a student entitlement, which can be ‘spent’ with either a public or private provider. In theory, this will drive competition and improve quality.

TDA recognises that the various Australian states and territories have their own vocational education and training Ministers, departments and policies and priorities.

TDA however seeks to provide a national voice and generate a national dialogue on behalf of its 61 members.
The National Charter for TAFE

In this regard the clear position of TDA is that TAFE is a public asset under State and Territory legislation. We do not merely acknowledge, but value, this structure for its capacity to contribute to State and Territory productivity plans and to the broader skills development needs of the Australian economy.

At the TDA AGM in 2012 TDA members endorsed a National Charter for TAFE.

The Charter is based on 4 principles

1. Funding for TAFE needs to be sufficient for the educational and training services that it provides
2. Improved quality criteria are necessary for public funding in a competitive system
3. TAFE governance enables TAFE flexibility and responsiveness
4. TAFE should be recognised for its innovation and leadership roles and pivotal role in regional Australia

The Charter has informed TDA submissions to a number of state and federal government inquiries.

This policy position of TDA is reiterated in one of its policy papers which concludes with the recommendation that

*TDA is strongly of the view that there should be a review of base funding for TAFE institutes.*

The AUSTAFE conference organisers requested that I provide a national overview of how States and Territories are implementing national entitlement; however I am aware that other speakers on the program will
be providing information on reforms in Queensland, NSW and the Northern Territory.

I will therefore limit my discussion to reform in South Australia, West Australia and Victoria.

**South Australia**

- In mid 2013 TAFE SA was established as a statutory authority.
- A Chief Executive, Jeff Gunningham was appointed, and the complete restructure and transition of staff is now nearly complete.
- The TAFE SA Board reports directly to the Minister, although DFEEST still have oversight of the financial results to Treasury.
- *Skills for All* is South Australia’s framework for its suite of skills reforms
  - All South Australians (those defined as living or working in South Australia) aged 16 and over are eligible for a government subsidised place.
  - The nature of Eligibility available to individuals will be significantly reduced from 4 November 2013. Impacts relate to access to certain qualifications and the number of funded courses available to individuals.
  - Under *the Skills for All* initiative from 4 November the majority of individuals will have only two course options subsided before full fees will be required (from Cert III and above)
  - Certs I & II plus some critical skills qualifications (eg Cert III Electrotechnology) have been identified as “Priority Courses” and will have no student fees, but above these levels fees apply and are very complex, based upon units of study, not qualification being studied. There are maximum fees and concessions will continue to apply.
• Besides qualifications identified as “Priority Courses”, Cert I and II courses which are still available, “Fee Free” will only be available to those Registered Unemployed (for certain allowances) or those with **No Education** (No qualifications including completion of Yr12). A number of Cert I and II courses have also been removed for funding purposes.

• Diploma and above qualifications have access to VET Fee Help income contingent loans through the Commonwealth, trial of loans at Cert IV.

• To date there has been a funding differential between TAFE, and this differential has already been reduced. TAFE SA was virtually guaranteed a differential price for two years, however the budget for training has been exceeded so the “uncapped” nature of the market is now being tightly controlled.

Regional TAFE - achieved growth in 2012, however metropolitan TAFE has lost market share. The overall market share for TAFE SA has reduced to 51.2%.

**Western Australia**

**WA supports a limited entitlement** system to be implemented from July 2014

• Entitlement is envisaged to apply to areas of skills shortage eg engineering/nursing

• Only about 15% of government subsidised training is currently opened up to contestability

• WA government is “on record” in wanting to ensure only high quality contracted providers

Where does TAFE sit?
It is expected that WA will have base funding or a TAFE differential for Community service obligations.

**Victoria**

The Victorian Government has applied market design principles to its training sector more wholeheartedly than any other State or Territory in Australia.

As you know, VET reforms coupled with Budget cuts have had a dramatic impact on TAFE in Victoria. TAFE continues to lose market share – In 3 years its share dropped from 75% in 2008 to under 49%.

The Victorian Government has implemented the following VET reforms:

- Competition for Government funding
- Only a government subsidised place if student does not hold higher level qualifications (does not apply to under 20 yr olds, foundation studies or apprenticeships)
- Uncapping of student fees
- Expansion of income contingent loans
- 5 bands of funding, resulting in 20% of SCH funding increase and 80% getting a decrease (a further change to the rules was announced in August 2013))
- Substantial increase in student fees
- 18 TAFEs and 311 private RTOs (down from 411 in 2012) now all funded at the same level
- CSOs, TAFE operational base funding and statutory obligation funding paid to TAFE as ‘full service providers has been discontinued from January 2013

The big winners in Victoria have been the for profit private providers. Official documents show that $639 million dollars in subsidies went to private colleges in 2011-12.
TAFE has borne the brunt of the estimated $300m cut to the training budget in 2012.

The upshot of these reforms for TAFE in Victoria is campus closures, course closures and staff redundancies.

The good news for Victorians is that there has been an overall increase in VET enrolments and a shift to more skill shortage areas.

What is of concern is the dramatic decrease in youth enrolment.

TAFE’s share of the market in Victoria continues to decline.

Bruce McKenzie, retiring chief of Holmesglen (and a former chair of TDA) is pessimistic about the future of the public provider in Victoria. “TAFE won’t survive” was the headline in last Wednesday HES supplement, profiling Bruce.

Bruce did put a caveat on this prediction. Bruce concluded by saying that in this climate TAFEs need to reinvent themselves to survive and partnerships are the key.

Employment and economic benefits of additional investments in technical and further education

The chair of TDA launched a specially commissioned report under the management of TDA, prepared by Independent Economics and sponsored by the Australian government.

TDA’s purpose in seeking this commission from the Australian government was to better articulate HOW and to WHAT EXTENT, do public, industry and individual investment in vocational education and training contribute to employment and productivity.

This is especially as TDA sought to better account for spending, and our TAFE segment, under the new frontier of a National Entitlement for Training.
In overview - the report, *Cost-benefit analysis and returns from additional investment in Vocational Education and Training* (VET) has revealed through economic modelling of the Australian Vocational Education and Training Sector (VET) important results.

The report tracks the very high rate of return of 18% on additional government investment in VET.

This high rate of return on additional investment in VET comprises three different groups of VET students, defined as those participating at Certificate III or above including:

- Students who complete/graduate with a VET qualification at a higher level than their previous qualifications
- Students who complete modules at a higher level than their previous qualification
- Students who complete either whole qualifications or modules at the same or a lower level than their previous qualification.

However, the modelling also shows that expected investment of $2.3 billion over the five year period is insufficient to address the significant levels of individual and industry unmet demand for VET.

The modelling looks at a Federal funding injection of a further $1.0 billion over the expected investment of $2.3 billion, suggesting this would stimulate more than double the economic impact – from the $0.6 billion estimated under the current arrangements to $1.4 billion.

The report also provides new insights into the multiple ways in which investment in VET contributes to economic growth and an improved standard of living. This includes how proper funding and acknowledgement of skill sets within Training Packages may better account for the real contribution to employment and productivity.
TDA argues that this modelling demonstrates a compelling case for sustained and further increases in government funding for vocational education and training, and opens discussion into how this may be more strategically deployed in order to obtain maximum economic benefits.

Specifically, TDA contends from the analysis that there needs to be

- A systemic review of tertiary education funding
- Support for pathways funding,
- Greater emphasis on funding for skills sets
- More transparent and accountable arrangements for the National Workforce Development Fund;

The full report by Independent Economics can be accessed on the TDA website.

Additionally In a letter from the TDA CEO to the Minister TDA has argued for the release of the Education Infrastructure funds that had been earmarked for TAFE institutes, but were frozen by the former Federal Government. TDA also argues that there should be a quarantined Education Infrastructure Fund for TAFE institutes (rather than the lion's share of these funds being allocated to universities).

**Pathways in tertiary education funding**

Currently 23 TAFE institutes are registered as Higher Education Providers (in Australia) delivering over 100 accredited higher education qualifications across a range of industry sectors, either in their own right or in partnership with universities (and in one case with another TAFE institute).

By supporting those students who may not otherwise have attended university, these institutes are providing choices for students and enhancing the diversity of the tertiary sector.
However most of these students are required to pay full fees, unlike students in universities who are eligible for Commonwealth Supported Places.

TDA argues that as a matter of fairness higher education students studying in TAFE ought to be eligible for Commonwealth Supported Places.

**Educational leadership in the Delivery of Green Skills**

Growth and development in green technologies and innovation are key elements of a productive and sustainable economy. Essential to this growth is appropriately educated teachers and trainers.

TDA has established a robust international green skills network.

TDA’s position is that the National Workforce Development Fund enables TAFE and approved RTOS to join with ISCs in developing the capability of vocational education and training teachers.

**Quality in open market ‘national entitlement ‘system**

TDA supports the resolve of the National Skills Standards Council (NSSC) to lift the quality bar for vocational education and training providers to counteract the reputational damage to the sector from poor delivery by a small number of providers.

In that regard TDA in its policy position statement supports the development of new standards for the regulation of vocational education and training. TDA argues that while there is a need for the current standards to be improved, improvement of the Standards in itself will not ensure quality. What is required is a consistent interpretation of the Standards by ASQA and a more capable VET workforce to deliver and assess against Training Packages.

TDA is also arguing for the adoption by ASQA of a risk- based regulatory framework.
TDA accepts that an earlier policy position in which it argued for the integration of ASQA and TEQSA seems less and less likely.

Nevertheless TDA argues for greater harmonisation between TEQSA and ASQA.

TDA applauds the recently announced TEQSA reform agenda with its aim of cutting regulation and giving more weight to the track record of capable higher education providers.

**TAFE leadership in international Education**

TAFE is a major exporter of education and training services, with more than 240 active partnerships in 40 countries and 58,000 students studying off-shore, double the number of international students on-shore.

This achievement has not been without its challenges. The failure of government to recognise the high quality and low risk of our TAFE institutes has placed undue pressure on our ability to recruit and support international students. There is minimal financial support to expand our offshore partnerships at a time when many countries, particularly in the Asian region, are focused on improving their vocational training systems and meeting industry demands for advanced technical skills training.

TAFE is ideally placed to meet this need and TDA has proposed a number of practical initiatives through our Position Paper on International Education.

Foremost among these strategies is a recommendation that Government act on the very unequal situation between TAFE institutes and universities with regards to post study work rights and visa charges.

It was heartening that Minister Andrew Robb referred to the great importance of the international student market in an article in last week’s
HES. In addition Minister Pyne has referred to the anomalies in the current visa arrangements. We await the outcome.

CONCLUSION
As the chair of TDA, Stephen Conway said in his welcome address to conference delegates characterised TAFE institutes; “We are leaner, we are sharper in our focus on skills in an international context, we aim for agility in our business models, and we anticipate the changing needs of our diverse clients. We increasingly draw on our collective capability”.

THANK YOU