Setting the scene

You may have noticed that this session is titled ‘State of Origin’, often referred to as one of Australia’s premier sporting events between the NSW ‘Blues’ and the Queensland ‘Maroons’. The debate about TAFE certainly incites the passion and fierce loyalty we associate with a State of Origin match. You might even think more recently it shares in common the odd blood bath.

And just in case I need to remind you, earlier this year the NSW Blues won the State of Origin after a drought of 8 years during which the Maroons held the title. Now Jodi and I might argue that we both lead the best TAFE system in the nation, but let’s hope our States don’t put the same level of enthusiasm in to winning the VET reform race. Although I think we can probably count Victoria as the winner here.

VET reforms

I am sure you would agree that the case for reform in the vocational education and training sector is compelling. Evidence from industry bodies, employer groups, communities and in our case, TAFE’s market research among stakeholders, all point to the need for change to meet the skill challenges of our economy to be productive and remain competitive and responsive to our changing market and customer needs.

I am sure you would also agree that VET reforms are very complex. I doubt that any jurisdiction would argue that they have got it completely right. In all States and Territories reforms are being adjusted to manage budgets and skill needs, making the VET sector ever more challenging for consumers and suppliers to navigate.

NSW reforms have been slower to roll out than in some other States and Territories. You may have heard our Minister, Hon Adrian Piccoli giving the opening address yesterday describing our reforms as ‘cautious’ and ‘staged’ so as to manage risk and avoid unintended consequences. Despite this, in TAFE NSW we are realistic about the impact of the Smart and Skilled reforms and recognise that without transformational change, we won’t survive – or at least not thrive and prosper in the future.

Our transformation lessons

In transforming TAFE NSW for a successful future in 2020 and beyond, there have been many lessons which I have learned along our transformation journey.
1. **Understanding your authorising environment**

The first lesson in our transformation journey is the importance of understanding your authorising environment. The policy landscape for TAFE is extremely complex with many different agendas often playing out simultaneously within Government and other key stakeholders. As the public provider we’ve had to carefully navigate this complex path.

While we value our recognition as a public VET provider, a risk for TAFE in the skills reform agenda is the expectation from some stakeholders that TAFE will continue to meet the needs of every individual, in every community, at every location across the State.

Being able to influence and negotiate our Statement of Owner Expectations\(^1\) was an important first step in our transformation journey. While there may still be some ambiguities in this important policy document, it allowed us to be clearer about our owner’s expectations and to communicate our reform story within the context of the Government’s broader policy objectives.

The Statement acknowledges our important role and value for Government in meeting skill needs and supporting disadvantaged communities, but it also set out the Government’s clear expectations about how we needed to change – to reduce reliance on Government funding, operate more efficiently, rationalise under-utilised or duplicated courses and assets and grow our commercial capability.

2. **Getting the evidence to back your position**

Another important step in supporting our transformation was gathering the evidence to support the value proposition of TAFE. With the support of our TAFE Board we undertook the biggest public consultation we had ever undertaken - known as *Let’s talk about TAFE*\(^2\) - which included an independent Newspoll, targeted online surveys and stakeholder meetings and forums.

The consultation process was important in showing our value to Government and the people of NSW - 96% of people surveyed said TAFE services are valuable to NSW. The consultation also showed we are seen as a vital part of our economy and communities. But there was also clear evidence that TAFE NSW needed to change by increasing delivery options, responding more rapidly, simplifying enrolments, maintaining quality, cutting red tape and increasing local autonomy.

3. **Communicating openly with staff and unions**

*Let’s talk about TAFE* was also important in communicating the change story with our staff and other key stakeholders. Getting our staff to understand the imperative for change has not been easy and we have learned some hard lessons along the journey.

In 2012 we commenced enterprise bargaining for a new agreement for our teachers. We were attempting to introduce new assessor and tutor roles to improve our flexibility and competitiveness in the new market and looming Smart and Skilled reforms. We thought we had clearly communicated the ‘burning platform’ for change, and that despite the unions promising they would hold back the tide of reform, our staff would support change. How

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\(^1\) TAFE NSW Statement of Owner Expectations: [https://www.tafensw.edu.au/about/assets/pdf/soe.pdf](https://www.tafensw.edu.au/about/assets/pdf/soe.pdf)

\(^2\) Let’s talk about TAFE: [https://www.tafensw.edu.au/about/ltat.htm](https://www.tafensw.edu.au/about/ltat.htm)
wrong we were. After two consecutive no votes we realised a different approach was needed.

We sat down with the union and found a common ground that we could both go forward with that would grow jobs in TAFE and help to grow our commercial and contestable business. I certainly learned that communication and engagement with staff during a period of reform is critical and needs clear messages to be consistently and constantly communicated across multiple channels from social media to plenty of shoe leather.

4. **Acting like a business**

I have also learned that changing cultures is not just about acceptance of changes or reforms. Up until July this year, TAFE NSW had been part of a Government Department for over 17 years and had inherited many of the risk averse and compliance cultures typical of bureaucracies. Creating a culture that allowed us to act like a business has been a challenge but also liberating for many old as well as new staff across the organisation.

We are now embracing new ways of working and learning from other public and private businesses. We have abandoned our old budget processes and embraced modern accounting methods. Reducing our costs and staffing levels has been difficult but we now consult on business cases which to support these decisions. Diversifying our revenue sources has been motivating for many staff, who now proudly boast that they don’t have to worry about Smart and Skilled because they have ‘gone commercial’. Our higher education and international business is growing steadily and giving staff new opportunities and greater professional satisfaction.

5. **Investing in change**

Another key lesson for me has been the importance of investing in change. Initially we had lots of change initiatives that were very ambitious, under resourced and not well coordinated. We realised there was a risk that without additional investment, our change initiatives would not be effective or sustainable.

We set up a small transformation unit, an executive position and Board committee to oversight our reform program. We developed a high level transformation roadmap and work plan and had it endorsed by our authorising environment. The change program we have developed is comprehensive and covers governance, business, workforce, assets, business systems and operational reforms. We even set up a ‘war room’ to help us think differently and share our learning in implementing the ambitious reform program.

6. **Encouraging innovation and sharing knowledge**

A further lesson learned in our transformation journey has been the importance of encouraging innovation and the sharing of knowledge and ideas across our network. We knew there was a risk of change fatigue and wanted to support a positive attitude towards the changes ahead and empower staff to shape our future success. My visits to Institutes earlier this year gave me great inspiration. While I am aware some staff are worried about job losses, many are ready for the challenge and excited about doing things differently.

While the conversation about collaboration versus competition continues to rage across TAFE NSW, the willingness to share ideas and innovations is clearly evident. Institutes are actively collaborating in new Institute led initiatives like our Aboriginal Learning Circle and
our new Innovation Hub where staff and industry partners can share ideas across our network through chat lines, webinars and forums.

Conclusion

There have not been too many things that Bruce McKenzie and I have disagreed on over the years working as leaders in the TAFE sector. While I don’t share the sentiments in John Ross’ sensational headline “TAFE won’t survive”, I do agree with Bruce’s observations that TAFEs are changing and reinventing themselves to survive in the kaleidoscope of VET reforms we are witnessing around the country.

As leaders across the TAFE sector we have a huge responsibility to lead our teams to success in the great ‘State of Origin’ VET market competition. We all need to train and prepare hard, to keep possession of the ball, to avoid injury and penalties, keep the referee out of the game and to score the winning try before time’s up so we can reclaim the series.