



*Submission to the Joint Standing  
Committee on Foreign Affairs, Defence  
and Trade Inquiry into:  
The role of the private sector in  
promoting economic growth and  
reducing poverty in the Indo-Pacific  
Region*

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## Overview

TAFE Directors Australia (TDA) welcomes the opportunity to contribute to the inquiry into the role of the private sector in promoting economic growth and reducing poverty in the Indo-Pacific region.

To date, TDA has been an active player in the region, acting on behalf of member TAFE Institutes. TDA initiates bilateral relationships in international education to facilitate connections with the private sector, frequently through public-private partnerships or collaborative agreements, in order to promote economic growth, thus contributing to poverty reduction.

The first section of this submission, *TDA's International Engagement*, provides an overview of TDA's international engagement and addresses the following Terms of Reference:

- ***Additional partnerships, activities or financial instruments the Australian Government could use to enhance the role of the private sector in development in the Indo-Pacific region.***

The following section, provides an overview of TDA's engagement with our most strategically important partner in the Indo-Pacific region, Indonesia. This section specifically looks at TDA's role in facilitating public-private partnerships over the past five years and makes one recommendation that addresses the two following terms of reference:

- ***The role of public-private partnerships in leveraging private sector investment in developing countries and;***
- ***The role Australian and international businesses could play to support development and inclusive growth in partner countries.***

While specific to Indonesia, TDA's engagement in Indonesia has wider application to other countries in the region in supporting economic growth through skills training.

## TDA's International Engagement

### Introduction

TAFE Directors Australia (TDA) is the peak body for the 58 TAFE institutes (variously known as institutes, polytechnics and public providers). TAFE is Australia's largest provider of skills training with approximately 1.8 million enrolments per annum.

Australia's TAFE Institutes rank among the top three international technical, vocational education and training (TVET) providers in the world. TAFE Institute expertise is increasingly in demand from employers, government agencies, education institutions and donor organisations, particularly from within our region. Our expertise is sought to improve technical skills training in the region, primarily with the goal to increase workforce participation.

TDA is a long term member of the Board of the World Federation of Colleges and Polytechnics, and our CEO, Martin Riordan, currently serves as deputy Chair of WFCP (Ref: [www.wfcp.org](http://www.wfcp.org) ), a Coordinating Centre for the UNESCO UNEVOC network, for TVET and currently working with the Commonwealth Secretariat (UK) on TVET on projects for TVET development projects in developing countries.

***Additional partnerships, activities or financial instruments the Australian Government could use to enhance the role of the private sector in development in the Indo-Pacific region:***

In this capacity, TDA wishes to emphasise the political, economic and strategic power of Australia’s vocational education and training sector (VET) sector, and in particular the public VET sector, in building Australia’s relationships with countries throughout the world, and more importantly, within our region.

Many TAFE Institutes have well established partnerships in a number of countries that directly benefit Australia economically, socially and culturally. The ‘soft diplomacy’ aspect of our work creates significant goodwill and is often a conduit for enhanced relations with countries around the world.

These partnerships are not limited to the delivery of Australian qualifications. They also include leadership programs for senior college and industry managers, skill development programs for educators and trainers, curriculum and resource development projects, research into skill demands in industry and engaging with industry.

To date, the Australian government has made a limited investment in assisting countries in our region to improve the capabilities and capacity of their TVET sectors. Aid and development funding has focused almost exclusively on schools and higher education, with only a small number of federally funded projects contributing to regional TVET capacity building such as the development of a network of East Asia TVET providers led by TDA.

In contrast, countries such as Germany, the UK and Canada commit significant aid and development investments for TVET in Asia and Africa.

The demand from countries in these regions for direct support in improving their TVET sectors far outweighs the demand for enhanced university provision and yet Australia’s focus is on the latter.

**RECOMMENDATION 1**

TDA recommends the Australian Government redirects education related aid-funding toward the development of the Indo Pacific VET sector, in preference to the higher education sector.

## ***The role of public-private partnerships in leveraging private sector investment in developing countries:***

TDA's relationship with Indonesia provides an example of how public-private partnerships can leverage investment in developing countries. Indonesia has been a priority country for international engagement for TDA, over the past five years. TDA has developed a close working relationship with the Indonesian Government's Ministry of Education and Culture (MoEC), Ministry of Manpower and Transmigration (MoMT), the Indonesia Australia Business Council (IABC) and Australia Indonesia Business Council (AIBC). These relationships have been established, primarily to support the development of a TVET system in Indonesia, centred upon greater engagement with industry.

Since 2011, TDA has undertaken a multi-staged project focussed on increasing industry engagement and responsiveness between the Indonesian VET sector (public sector) and business and industry (private sector) through public-private partnerships. The overall aim is to increase Indonesia's economic growth by raising workforce participation levels.

TDA, in cooperation with Austrade, AFG Venture Group and the Indonesia Australia Business Council (IABC) managed the first stages of this project which consisted of two surveys; one of Indonesian Polytechnic Colleges and the second of industry skills need and their engagement with the VET sector. This was followed by a detailed report on the relationship between the VET sector and business/ industry. This report focused on industry linkages, internships, partnerships, training needs, qualifications and skills shortage areas.

The third stage of the project, –the Mentorship Program is ongoing and is supported by both the Australian and Indonesian governments. It involves up to 40 leaders from the Indonesian Polytechnic sector participating in mentoring programs with Australian TAFE Institutes. These programs focus on increasing engagement with industry. (The first group completed the program in early 2013, and the second is scheduled for late August 2014).

The fourth stage was an Indonesia- Australia Industry Skills Training Roundtable jointly hosted by TDA and the IABC in Jakarta in September 2013. The Roundtable, involving Australian and Indonesian companies and businesses, emphasised both the need for, and advantages of, increased engagement between industry and polytechnics and profiled cases of current skills training initiatives and partnerships between industry, Indonesian polytechnics and Australian TAFE institutes. The roundtable facilitated discussion among participants on strengthening the links between Indonesian industry and polytechnics.

**There is great potential to expand upon the work undertaken by TDA in Indonesia to facilitate public private partnerships and to replicate this model in other Indo-Pacific countries.**

There are also opportunities to develop and expand upon new models of public-private partnerships, such as Indonesia's 'Enterprise Community College' (ECC) model.

ECCs are training colleges set up within an existing enterprise to skill new workers and re-skill existing workers. ECC's are being established in priority regions in Indonesia. They are the result of a recent initiative by the Indonesian Government to increase access and

participation of low socio-economic status (SES) groups in post-secondary level education, in line with Indonesia's economic development plan (MP3EI), which targets skills development in specific regions.

ECCs provide targeted regions with more skilled workers and much needed articulation pathways for students to higher levels of education (i.e. D3 and D4 level – through polytechnic colleges).

The Indonesian Government's target is to create 269 community colleges by 2015. Prior to 2014, 35 Government-run community colleges were launched. Several of these have now closed, due to insufficient funding and support.

Following these closures, the World Bank commissioned its Indonesia Office to review the Indonesian Government's original '*Blueprint for the development of Indonesian Community Colleges' 2012*. The review recommended that the Indonesian Government permit a limited number of local enterprises to become licensed as a 'community college' or Enterprise Community College (ECC).

The Indonesian Ministry of Education and Culture (MoEC) has since granted three licenses to local enterprises to become community colleges. One of these licences was awarded to the Multistrada Tyre Company. Multistrada is in the process of developing its community college with support from its 'college partner', Sydney Institute of TAFE.

It is anticipated that in late 2014, more Indonesian enterprises will be invited to submit *Expressions of Interest* to become licensed as an ECC. However, obtaining this licence is not an easy process. Multistrada reported that this process was commercially onerous and needs to be more streamlined.

***The role Australian and international businesses could play to support development and inclusive growth in partner countries:***

Australian and international business could play a crucial role in facilitating the development of these ECCs.

TAFE Directors Australia (TDA), has a close working relationship with the Indonesia Australia Business Council (IABC), who could facilitate tripartite collaboration project between, Indonesian Polytechnic Colleges, Indonesian Enterprises and Australian TAFE institutes

**RECOMMENDATION 2**

TDA proposes that the Australian Government extend its aid funding to support the solidification of partnerships between Indonesian industry and Indonesia's tertiary institutions, both polytechnic colleges and the Indonesian community college network.

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