Thank you for the invitation for TAFE Directors Australia to speak at today’s workshop.

TAFE Directors Australia

By way of background TAFE Directors Australia (TDA) is the peak national body incorporated to represent Australia’s 59 TAFE institutes. The core business of TDA is supporting our member institutes and leading the advocacy for quality skills in Australia.

Australia’s 59 TAFE providers offer approximately 85% of accredited training in more than 1300 locations across all states and territories.

TDA, on behalf of its members develops positions, conducts projects, and organizes a major annual Conference and other seminars and advocates for members’ interests with politicians and senior government officials.

The Director/CEO of your Victorian TAFE institute is a member of TDA and as such is invited to comment on all and every policy position of TDA.

Bruce Mackenzie is the current Chair of TDA and Nicholas Hunt, CEO of William Angliss represents Victoria on the TDA Board.

Other Victorian managers represent the Board on a variety of external committees, including – Brian McDonald, Allan Ballagh and until recently Professor Anne Jones on committees of NQC; Louise Palmer on the IBSA National Project Reference Group for the development of the Diploma of TAA, Dr Garry McDonald the National Green Skills Implementation Group, Win Scott on the NCVER research selection panel and Angela
Hutson on the LH Martin Board. As you can see Victorian member colleges are very active in the work of TDA.

My role in TDA as Director Policy & Stakeholder Engagement is to analyse the domestic VET policy context and to formulate positions for TDA membership response and for discussion by the TDA Board.

**Current Government policies**

The current Government policy context for TDA and consequently you as VET leaders in the coming year and beyond is lengthy and includes:

1. the Federal Government’s participation and productivity targets
2. competition and contestability (market-driven TAFE)
3. the emerging tertiary landscape
4. the National VET Regulator & TEQSA
5. the quality of VET teaching and learning
6. social inclusion
7. better TAFE infrastructure
8. Sustainability/Green Skills
9. rural and regional participation in education and training
10. youth unemployment rates
11. and the international student market.

In this workshop I will examine in some detail 5 of these policy areas:

1. The Federal Government’s participation and productivity targets
2. Competition and contestability
3. The emerging tertiary landscape
4. The National VET Regulator & TEQSA
5. The quality of VET teaching and learning
1. The Federal Government’s participation and productivity targets

Prime Minister Julia Gillard in a speech to the Committee for Economic Development of Australia (CEDA) on 1 February 2011 outlined the challenge facing Australia:

“After three decades when unemployment was our major problem, we now face shortages of labour – a problem unmatched anywhere in the industrialized world”.

She went on to say that “it is vital that we unlock all the potential of our labour market for young people & adults…….“The government’s goal is to create the best education system in the world, including a world-class, market-driven TAFE and vocational training system”.

There are a number of takeaway messages in the Prime Minister’s speech:

1. Australia has skills shortages: the Prime Minister referred to a likely shortfall of 36,000 tradespeople for major resource projects by 2015.
2. There need to be strategies to encourage greater workforce participation, especially of youth and adults who are seeking more work and people on disabilities pensions
3. The productivity committee of the Federal Cabinet is working on “overhauling vocational training”. (At this stage we have no details about what that means)

The key words are participation and productivity.

COAG targets

Increasing participation is the key driver behind the Council of Australia (COAG) targets for 2020:
COAG targets

1. Halve the proportion of Australians aged 20-64 years without a Cert III qualification
2. Double the number of high level qualification completions (Diplomas and Advanced Diplomas)
3. Raise the proportion of young people achieving Year 12 or equivalent qualification to 90% by 2015
4. Halve the gap for indigenous students in Year 12 or equivalent attainment by 2010.

These are ambitious targets but they underpin a range of Government policies as do the targets identified by the review led by Emeritus Professor Denise Bradley AC, *Transforming Australia’s Higher Education System.*

Bradley review targets

The Bradley Report is a watershed document for Australian tertiary education with Federal Government adopting the great majority of the review panel’s recommendations.

The Report’s recommendations include:

1. **key targets for attainment:**
   a. 40 per cent of all 25 to 34 year olds to hold a qualification at Bachelor level or above by 2025
   b. 20 per cent of higher education enrolments at undergraduate level to be students from a low SES background by 2020.
2. a demand driven funding system for undergraduate student places from 2012;
3. new quality arrangements
4. income support reform
5. increased funding to support participation by low SES students.
TDA’s position

TDA’s detailed response to the Bradley Review can be found on the TDA website – www.tda.edu.au

In essence TDA argued that while there was much to be applauded in the findings, the Review failed to adequately describe the complexity of the vocational education and training system and the capacity of the VET system to contribute to the participation targets.

The key recommendations of Bradley nevertheless have had significant implications for the TAFE system.

The Federal Government has accepted these targets and has allocated incentive funds to achieve them - although most of the funds at this stage are available only to universities. The uncapped student funding will be introduced for universities in 2012; and new regulatory and quality arrangements are already being introduced.

2. Competition and contestability (Market-driven TAFE)

Since the early 1990s governments have pursued strategies to create a 'competitive training market'.

The current Federal Government has continued the trend.

The Government articulated its philosophy in its policy statement, *Skilling Australia for the Future*:

“Introducing greater competition to the training system, including contestability for Government funding, and providing public institutions with the flexibility to compete, will ensure that training providers are better able to respond to industry and employer needs”.

This policy has been endorsed by COAG.
The Prime Minister in her speech reiterated support for “a market-driven TAFE and vocational training system”.

The Federal Government (and State and Territory Governments to varying degrees) have embraced competition and contestability for Government funds as part of its productivity agenda. (SA is looking to have 48% of funds for VET contestable by 2011).

The principle that governments have espoused is a move from a supply driven (provider driven) to a ‘demand’ driven tertiary education and training system that is responsive to the skill need of individuals and enterprises.

**Victoria: a case study**

Victoria has embraced competition and contestability for government funds more wholeheartedly than any other State or Territory.


As you know the former Victorian Government in July 2009 introduced full contestability for diploma courses. This was to be extended to Certs I – IV in January 2011.

In an environment where government funding is open to all RTOs there are clearly impacts on the way in which TAFE institutes organize their business.

The Victorian TAFE Association has investigated the impact of competitive funding for government funds and identified the challenges and opportunities that it has entailed. VTA argues that the new funding landscape requires significant change management by TAFE providers.

TAFE institutes are required to become more agile as they respond to markets.

In short, competition and contestability can transform the culture of organizations and in doing so simultaneously raise customer expectations of the service/products they will receive.

VET leaders need to define their particular **competitive advantage** either for their institution or for their institution in partnership with other institutions.
The challenge of competitive funding for TAFE institutes – to bring about change in

- the business processes of TAFE institutes
- quality data collection and compliant reporting arrangements (numbers linked to cash flow)
- financial systems (including for VET FEE HELP)
- targeted and innovative marketing
- cultural change for institute staff and more entrepreneurial approach and putting the client at the centre of business. TAFE institutes need to win and maintain business.

Victorian Institutes report that they are being burdened by the emergence of an increasingly intrusive and prescriptive regulatory regime. Unlike private providers, they are constrained by the need to comply with government requirements including industrial relations policies and wage frameworks; executive remuneration; investment guidelines; and marketing guidelines.

TDA’s position

In principle TDA supports:
- the move from a supply-driven to a demand-driven tertiary education and training system, with some significant qualifications.
- competition that challenges providers to be more attuned to their clients, whether they are students or enterprises, within Australia, or abroad.
- competition that fosters more diverse and more innovative responses to client needs.

TDA believes however where competition and contestability focused on cost-price has can have negative consequences. It
- drives down quality of provision
- fosters high risk operations
- a disincentive to innovation & diversity
- unfairly advantages some providers (ie not a level playing ground)
- can skew delivery to cheap courses rather than areas of skill need
- does not facilitate tertiary interconnectedness.
TDA argues that it is not a completely even playing field. There is no doubt that TAFE institutes are often constrained in this new competitive environment by such factors as Government reporting and compliance arrangements; inflexible IR and wage setting arrangement.

Compliance extends to both public and commercial activity and there are no clear lines of demarcation between the government as the funder of VET; and the owner of the public system.

**Discussion points:**

**What strategies have your TAFE institutes/ RTOs initiated to respond to the new competitive funding environment?**

### 3. The emerging tertiary landscape

The Bradley Review outlined a vision for an Australian tertiary sector by outlining six ‘Key Characteristics of an Effective Tertiary Education and Training System’:

- Equal value given to both VET and higher education
- Recognition that while institutions may have a primary mission in one sector, they should be able to offer qualifications in the other sector as under current arrangements
- Shared & coordinated information base
- Integrated response to enterprises
- An efficient regulatory and accountability framework
- Clearer and stronger pathways.

Further, in its recommendations the Review specifically outlined some initial steps required to make it a reality.
TDA’s position – the Blueprint

TDA contributed to this debate by releasing *A Blueprint for Australia’s Tertiary Education Sector* in July 2010, ([www.tda.edu.au](http://www.tda.edu.au)).

TDA also believes that a vibrant and diverse tertiary sector offers the best chance for boosting Australia’s productivity through increased participation in tertiary study.

TDA endorsed:

- The **definition of tertiary qualifications** as ‘those at diploma level and above, including where these qualifications may embed pathways from the qualification level below’
- The creation of a set of more unified tertiary education protocols incorporating **new nomenclature for a wider range of organisational types** and facilitating a single approval process for institutions operating in both Higher Education and VET
- Progressive movement towards a **single tertiary regulator**

Since the release of the Blueprint there have been a number of developments indicating progress:

- Eleven TAFEs are now registered to offer higher education and the whole SA and NSW TAFE systems are now a registered to offer higher education qualifications. TAFE offers higher education in every state except Tasmania and in the Northern Territory where it is part of the dual-sector university.

- The University of Ballarat (UB) developed a partnership with a number of regional TAFE Institutes in Victoria enabling them to offer UB degrees (and not be reliant on developing their own).

- Both the NSW and Victorian Government have developed tertiary education plans, which recognise the role of TAFE in the provision of Higher Education. Victorian Minister for Higher Education and Skills has announced as one of his top priorities increasing the number of bachelor degree courses offered at rural TAFE campuses.
• The ACT Government has established a Tertiary Taskforce which will develop a ‘connected tertiary system’ for the ACT.

• In September, the South Australia Government announced a $125m state-of-the-art facility at Tonsley Park which will bring together TAFE, universities and industry, facilitating pathways between TAFE SA and universities and linking training providers to the latest developments in research and development.

• The University of Canberra announced its intention to become an ‘omniversity’, encompassing all stages of the education process and including private providers under the university umbrella.

• In September, Queensland’s Premier Bligh approved a new dual sector university through the amalgamation of Central Queensland University with Central Queensland Institute of TAFE.

**The implications for VET leaders**

VET leaders are now operating in an infinitely more complex environment. A number of TAFE institutes now offer the full suite of AQF qualifications from Certificate 1 to HE degrees.

**Discussion points**

What are the implications for your TAFE institute/ RTO?

**4. The National VET Regulator & TEQSA**

The Bradley Review foreshadowed a new set of regulatory arrangements for the tertiary sector. The Government has responded with the establishment of the National Vet Regulator and TEQSA.
The National VET Regulator

COAG agreed to the establishment of National VET Regulator in Dec. 2009. The National VET Regulator will be:

- a Commonwealth statutory authority, operational from 2011
- Its primary functions will be:
  - Registration of providers
  - Audit of registered training organizations
  - Accreditation of courses
- with responsibility for all RTOs operating in all states, except Victoria and Western Australia

Any RTO wishing to work with international students will need to be registered with the National Regulator

A Standards Council will be established to advise the Ministerial Council on the national standards for regulation

The National Vocational Education and Training Regulator Bill was expected to be considered in the autumn sitting of the Commonwealth Parliament. It was anticipated that it will be passed early in 2011, allowing the regulator to begin operations in April 2011.

A letter was to have been sent to all RTOs in February from the NVR and State and Territory regulators with information about transition arrangements for RTOs.

Following representations from TDA and the Australian Education Union the NVR Bill has now been withdrawn and referred to a Senate Committee

TDA’s position

TDA supports a national regulatory system as offering the best chance of national consistency in regulation and accreditation of RTOs and the achievement of a new level of quality.
In the Blueprint TDA argued that there should be one national tertiary regulator (consistent with a statement in 2009 by the then Deputy Prime Minister that the National VET Regulator would be integrated with the TEQSA, notionally 2013). TDA argued that this would facilitate movement of students between sectors.

NVR has not created any opportunities for discussion with TDA or it would seem other stakeholders and its two published updates (distributed to TDA members) have provided little information.

The contrast between the open & inclusive consultations around TEQSA is stark.

**Tertiary Education and Quality and Standards Authority (TEQSA)**

- TEQSA will be a Commonwealth statutory authority led by a CEO responsible for both setting & regulating standards
- The Higher Education Protocols - the basis of new Provider Standards.

DEEWR has been very consultative in its approach to developing the draft standards. TDA will be putting in a detailed submission on the Standards by 17 February.

In essence TDA maintains that the new draft Provider Standards (replacing the National Protocols) need to recognize the emerging tertiary landscape and promote a diverse and vibrant sector that maximizes student participation in tertiary education. TDA also maintains that there should be a review of the nomenclature for the new higher education providers offering degrees.

**Discussion points for VET leaders**

**How are you preparing yourselves to operate within this new regulatory environment?**

**5. The quality of VET teaching and learning**

There has been enormous interest by policy makers in the quality of services delivered by vocational education and training providers. This is probably not surprising given
some recent spectacular failures of the policy and regulatory frameworks to adequately deal with rogue providers.

Nevertheless there is a broader issue of quality that VET leaders need to address.

Skills Australia in its discussion paper, Creating a Future Direction for Australian vocational education and training, published in late 2010 identified major barriers to RTOs in delivering on the Government’s targets, including:

- Improving the quality of services delivered and indeed having the means to measure the full range of benefits the sector generates for individuals and enterprises
- Developing the capability of VET professionals.

**The Quality Skills Incentive**

The Federal Government recognized the latter by announcing in the 2010 Federal Budget the Quality Skills Incentive in the 2010/11 Budget.

The Incentive provides for “performance based funding” for the 100 largest RTOs. The aim of the Incentive is to achieve higher standards in teaching quality, higher completion rates for modules and qualifications and better access for disadvantaged Australians.

Two major reports on the quality of VET teaching have recently been published

- Productivity Commission Report, Vocational Education and Training Workforce
- The Quality of teaching in VET (Wheelahan)

**Productivity Commission Report**

This is a substantial report that in summary describes the characteristics of the VET workforce; recognizes the dual roles of VET professionals as educators and industry experts and recommends change in the way in which teaching qualifications are delivered and changes to State and Territory IR systems. The Commission calls for a uniform national data base of the VET workforce.
The Quality of teaching in VET

This was a DEEWR funded project with Associate Professor Leesa Wheelahan as chief author.

To quote the authors of the report “The recommendations made in the report are aimed at best equipping the VET workforce for its increasingly critical role in helping Australia increase workforce participation, skills and social inclusion”

This report paints a picture of the increasing demands not just on VET practitioners but on all staff in institutes, as did the Productivity Commission report. RTOs are responding that comes to a very diverse student mix with different demands and high expectations. The industry context is changing at a fast pace.

The central questions in this report then are how governments; institutions and individuals can ensure that they are equipped to operate in this new environment.

VET teaching qualifications are only one aspect of building teaching capacity, but they are an important aspect.

Wheelahan argues for the development of a national strategy.

TDA position

TDA and the Victorian TAFE Association have developed two draft responses to the Productivity Commission’s reports.

In essence TDA/VTA applauds the recognition by the Commission of the significance of a capable VET workforce.

While TDA and VTA support many of the recommendations they are concerned that there is no recommendation for national resourcing of professional development, nor a national strategy for professionalizing the VET workforce.

TDA and VTA support:

- the establishment of a uniform national data base
• a greater risk profile around the delivery of the Cert IV TAE
• a national strategy focusing on capability of the VET workforce.

Discussion points for VET leaders

What do you think makes quality VET provision and how do you achieve and maintain this?