

## TAFE DIRECTORS AUSTRALIA

### Response to *Skilling Australia for the Future*

Canberra, 30 APRIL 2008

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TAFE Directors Australia (TDA) appreciates this opportunity to comment on the discussion paper ***Skilling Australia***.

TDA commends the Australian Government's commitment to enhancing the skills and productivity of the workforce, and its recognition of the crucial role of vocational education and training in the skill formation process.

The chief executives of Australian TAFE Institutes whom TDA represents look forward to continuing to work closely with industry bodies and government agencies to ensure the success of the skill formation strategies set out in ***Skilling Australia***.

We believe that the discussion paper introduces a framework for the Commonwealth's strategic vision for Australian VET. However there is scope for further review, and TDA advocates refinement of some of its contents. The following comments are intended as a constructive contribution to that process.

#### **The rationale for training reform**

The discussion paper states that Australia needs to undergo a fundamental shift "*from a supply driven system determined by the needs of providers to a demand driven system determined by the needs of industry and the economy*".

We are puzzled by this statement: it lacks acknowledgement of the progress made since the establishment of ANTA 15 years ago, and VET Agreement and regulatory constraints currently in force. It constrains the ambitious and successful advance of higher and vocational education providers with enterprise, research and offshore endeavours, and as the Australian Services Roundtable notes, how education has advanced to be Australia's third largest export earning industry, and placed fifth as an international student destination – gains which have hardly been deemed as merely demand driven.

Since ANTA's formation, the national VET system has itself achieved international acclaim as an industry-led system of work relevant qualifications. During this period, TAFE Institutes, above all other providers, have implemented the training priorities nominated by their government owners, formalised through purchase agreements and profile requirements. In addition, strong TAFE /Industry partnerships ensure responsive and relevant training responses, and with strong support from TAFE Directors Australia, a review of governance for public providers has successfully seen this as a major policy review agenda issue for the approaching Australian States VET Agreement 2009.

It is neither credible nor fair for **Skilling Australia** to imply that the responsibility for Australia's current skill shortages -- and slowing productivity growth -- rests with unresponsive training providers. A complete strategy will address workplace reform and encourage employer participation in and support of training.

We strongly suggest that the rationale of **Skilling Australia** be re-oriented to refer to the Government's strategy for the *next generation of VET reform* - building on the successes of reforms since 1992.

### **The international evidence**

The paper refers to international research which shows that "*a demand driven approach to delivering skills and training provides more incentive for trainers to be flexible and innovative*".

TDA seeks more information on the sources of this research, to address specifically the **Skilling Australia** strategies. In our experience, in most comparable countries, the term "demand-driven" usually refers to student-led demand, at least where this refers to institution-based education and training.

### **The impact of competition on TAFE**

The discussion paper acknowledges that greater contestability for government funding will need to be matched by providing "*public institutions*" with the flexibility to compete.

However, while the paper clearly delineates the contestability framework which will apply, no information is provided on the strategies proposed for achieving this greater flexibility.

This is an urgent question for TAFE which needs to be resolved in direct consultation with TAFE institutes and colleges, and collaboration with State training authorities.

In the meantime, we seek confirmation that the higher costs of TAFE due to government requirements (such as extensive and multilayered reporting obligations, student support services and the centralised control of industrial relations) are taken into account in any application of competitive neutrality principles for the allocation of funded Productivity Places.

### **The role of the Industry Skills Councils**

TDA's relationship with the ISCs is highly constructive, and operates on the basis of an agreed Joint Protocol. We fully support an enhanced role for the ISCs in the national VET system, and this was recorded by support from TDA during prior reviews through 2006 and 2007 of ISCs. However, they are national peak bodies which, together with Skills Australia, can only expect to advise governments on national and, possibly, state wide labour market trends and skills requirements.

International research shows that high level skills forecasting and top-down planning and priority setting is an incomplete basis on which to address skills shortages unless it is complemented with local and regional information flows. In this regard, it is important that the experience of TAFE institutes and colleges and their networks with local enterprises and

industry bodies be not merely acknowledged, but structured into being given greater weight in planning processes. These TAFE 'coal face' public institutions -- enrolling 1.4M public enrolments, and more than 2M annual total enrolments -- surely should be opinions and evidence worthy of being mobilised, and could contribute toward a more valuable *Skills Australia's* planning set of data and outcomes.

Having reviewed the ISCs' initial environmental scans (Ref: NQC lodged draft Env. Scans Q1 2008) TDA will be proposing a more formal collaborative agreement with the ISCs to ensure that their future work is enriched with information provided by TAFE Institutes and their enterprise and industry partners. To date a meeting between ISCs and TDA has been sought, and we await notification.

The proposed role of the ISCs in matching enterprise skills requirements to suitable RTOs seems somewhat at odds with the commitment to open and transparent contestability. We request more information on how it is proposed to integrate these two processes.

### **The emphasis on full qualifications**

Implicit in the paper and, we understand, made explicit elsewhere, is that Productivity Places funding will be limited to enrolments in whole qualifications where no more than 25% credit can be granted for previous training.

We strongly urge that these conditions be further reviewed.

Many employers and workers, particularly SMEs have skill requirements which are better met by partial completion of qualifications. In recognition of this, the National Quality Council last year approved the endorsement by ISCs of nationally recognised skill sets. These skill sets are particularly important in facilitating up-skilling of existing workers in the workplace. They also meet the needs of many rural and remote communities where multi-skilling across qualifications and occupations is essential. One example of this is the way skills sets can be used to provide recognition to CDEP workers in remote indigenous communities. To exclude these from funding eligibility will be seen as a backward step by many enterprises and industrial bodies.

### **The importance of literacy and numeracy**

Literacy / numeracy issues remain a key barrier to full workforce participation for many Australians. Increasingly, this extends to financial literacy.

The discussion paper indicates that for those who lack foundation skills, "enabling training" *may* be provided for language, literacy and numeracy. This is a very inadequate approach to the increasingly significant problem of low level literacy and numeracy skills in the Australian workforce.

Many current national qualifications give insufficient emphasis to the need for structured development of workers' literacy and numeracy needs. These needs cannot be determined on the basis of minimum workforce entry requirements or the needs of current employment. Literacy and numeracy provisions must be predicated on the basis of the higher level skills which individuals will need to fully function in Australia's future occupational structure.

Australian jurisdictions needs to define and agree a minimum level of language, literacy and numeracy to which schools seek to achieve – beyond discussion of retention – and certainly, for all workers as entitlement.

Importantly, we recommend that, in allocating Productivity Place funding, weight and funding should be given to the capacity of RTOs to provide *in situ* the necessary diagnostic, learning, assessment and reporting services to ensure these skills are acquired.

### **Where and what is the role of TAFE?**

Noteworthy by virtue of its absence, is any consideration of the role of student or worker initiated demand. It appears that the only increase in the provision of higher level qualifications for full time students will be in the form of full fee places offered either by private providers or TAFE Institutes. Given the level of public support for Australian universities, this is inequitable.

It places Australia at odds with other leading OECD countries, all of which recognise and fund non-university public institutions in response to the vocational education and qualification requirements of both young and mature students.

Now that most States and Territories target universal completion of secondary school, individual demand for full time places at TAFE is expected to increase at least as quickly as demand for university places.

At the same time, a considerable body of both international and Australian research suggests that, with higher levels of casualisation and job mobility, much of the demand for higher level skills will be individually initiated rather emanating directly from current employment and enterprise needs. It is also anticipated that mature workers will need to contribute to the costs of this training.

TDA believes that it is essential and urgent that the Commonwealth develop a clear and coherent perspective on the role of individual demand for non-university tertiary education and on the role of TAFE as the public provider in meeting this demand.

The respective financial contributions of government and individuals and the links with public universities will be integral parts of this analysis.

TDA recognises that these issues need to be considered separately and in addition to the Productivity Places program rather than as part of it. However, the current discussion paper should flag the government's intention to implement a program for the further development of public non-university education.

In the absence of this commitment, the ***Skilling Australia*** strategy can only be regarded as partial and incomplete.

## Funding 50/40/10 per cent – Issues of priority

The Productivity Places pledge is prefaced on a funding co-investment proposal to states and territories (seeking 40% contributions) and industry (seeking 10% contributions). While we recognise that negotiations continue on this issue, we note several issues on this and related Federal policy:

- That progress toward Skilling Australia should not be delayed by any hindrance to such agreements
- That in some cases where new qualification sets have been urged by fast growing industry segments (EG Trade Diplomas), resistance remains across some industry peak bodies to endorsing this progressing drive toward higher level skills, largely driven it seems by IR award considerations. Yet this has ignored advocacy by firms, and students and parents, for alternate and expanded pathways into skills, and wider opportunities for industry co-investment, and support role by TAFE and RTOs Institutes to better support school leaving aged students who wish to 'Try-a Trade'
- The contribution of industry in VET training is also an issue stakeholders have sought yet frequently an issue ignored. *NCVER* research (2007) recorded another year of lowering investment by industry in training, and this remains a key issue for successful up-skilling and engagement.
- VET in Schools for Years 11 and 12 students is now favoured by two thirds of Australian parents (*Parental Survey, DEEWR 2007*), and school students enrolling in VET subjects now approach almost 1 M per annum. Yet how Trade Training Centres in Schools, Productivity Places, and industry investment in these related areas will be integrated to support Productivity Places – especially for the critical cohort of school students beginning (eg an apprenticeship) -- remains unclear.
- VET FEE HELP currently is tightly defined, for eligibility. The disparity of entry platforms between higher and vocational education when applied to students remains unresolved, and contributes to the continued hurdles of making skills and equal career choice in Australia.

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