

AFR Skilling Australia Conference 2009

AUSTRALIA'S EDUCATION AND TRAINING SYSTEM:

Can TAFE deliver the skills that business need ?

Martin Riordan, CEO, TAFE Directors Australia

Introduction

I am pleased to be invited to participate again in this year's AFR Skilling Australia Conference – and with focus on the role TAFE Institutes play as they relate to an increasingly sophisticated, technology based marketplace – with industry facing strong competition and skill needs.

I will explore three aspects of change across many of our TAFE Institutes. Change in many cases is well advanced – the change, and scope of change can be somewhat bewildering – and it is best described as a paradigm change –

- across our business systems
- attention to customer focus and
- engagement with enterprises.

Particularly, I argue that TAFE Institutes are both well placed – and much required -- to support ambitious national attainment targets set recently by the Deputy Prime Minister in the Government's adoption of the Bradley up-skilling vision, including 40% degree targets – with 2025 now as the target period.

TAFE Directors advocates that as part of this national attain mission, we need a diversified tertiary system.

I will seek to show why our case for regulatory reform should be extended further across TAFE Institutes, without losing their unique character as community vocational education providers, our mission to successfully engage equity groups, and those who wish to access deeper skills beyond university or other study – now up to 25% or more, of some course enrolments.

SYSTEMS

As some of you are probably aware - TAFE Directors Australia - or TDA as I shall refer to it, is the peak body – representing Australia's 59 TAFE Institutes and divisions of the five dual sector universities.

TAFE institutes are the largest providers of nationally accredited training, with 79% of the market share of the public VET sector.

TAFE Institutes themselves vary in size and orientation enormously –

- from community based institutions primarily serving their local communities
- to large institutes with numerous campuses engaged in domestic and international markets,
- some operating within dual sector universities and
- some offering degrees in their own rights.

TAFE enjoys a large national footprint with our 58 domestic institutes operating from more than 1,000 campuses – a geographic spread – sometime challenge -- across every State and Territory, and our 59th member is the new Australian Pacific Technical College.

As we know, Australia has been among just a small number of OECD nations in post-War period to invest in a comprehensive and national vocational education infrastructure – teachers, buildings, community linkages, and for Australia, pioneering an industry-led training system.

This uniqueness extends to this now a marker that brings Australia to the forefront – possibly only shared with the vocational education OECD markets like Germany – as a worldwide source for advice and delivery agent, whether that be in China, SE Asia, India, UAE nations – now topping 45% of a \$15.5B export market called education – Australia's 3rd largest export industry.

As a nation we built this sophisticated school, skill and university institutional network -- yet these often had little resemblance to each other – and for post-school, the latter two were not designed to articulate well between each other.

In age-old traditions, people were locked into professions or trades, and the cross-over remained minimal.

Today this does not resemble the marketplace.

TAFE Institutes and universities have not waited for enquiries or governments to change.

- Individual articulation agreements between these institutions – including co-location -- have become frequent – and industry also has moved with pace to demand a mixture of skill needs, and ongoing up-skilling as markets themselves vary, and technology changes.
- More recently, I know some universities are working with TAFE Institutes, using their infrastructure to deliver courses, and achieve wider mix of course types and qualification sets – often for specialized industry such as food technology, health sciences and business ICT.

But the situation remains: That while from an infrastructure and systemic viewpoint the 1.45M students of TAFE each year have access to ten times the number of metropolitan and university campuses than their university counterparts have – the credit for their courses achieved often is recognized in inverse proportion.

This is as much a system issue, just as any computer network.

This challenge was identified by Professor Denise Bradley in her *Review of Higher Education*, and we support the Deputy Prime Minister commissioning further reviews to facilitate moving to a new phase of post-school education -- with collaboration.

- The target for the proportion of 25-34 year olds with at least a bachelor level qualification increases from a current base of 32% to 40% and
- the proportion of higher education students from low SES backgrounds increase from a base of 16% to 20% by 2025.

These are set alongside the COAG targets of:

- doubling the number of people with VET Diploma qualifications
- halving the proportion of working aged Australians without Certificate III level qualifications
- significantly increasing adult literacy and numeracy levels; and achieving
- 90% of school aged students completing a year 12 certificate

System change is a much needed tool to ensure that student course achievement can not merely be recognized, but used as in parts of Europe, to motivate lifelong learning, and up-skilling – and achieving targets which we applaud. This also extends to streamlining between tertiary institutions systems of quality and regulation, and other system platforms – importantly, in areas such as IR, the equal offer of student loans, and how market TAFE and VET offshore to students and industry.

Late last year Gary Banks, Chairman and Chief Executive of the Productivity Commission spoke at our *TAFE MEETS PARLIAMENT PROGRAM* in Parliament House.

In his Address to TAFE Directors, Gary Banks made the point that, *“Human capital – the quality and skills level of our people – is a major determinant of productivity levels and through innovation, productivity growth.*

He added:

“Clearly we need to do better – especially since other countries with whom we compete are investing heavily in skill formation. (Asian countries are closing on us, just as we are closing on the USA).

“While skill LEVELS need improvement, so too does the COMPOSITION of the skills in our workforce. The skill shortage is likely to reflect both – partly (obvious) cyclical pressures, partly (less obvious) structural mismatches. These are significant and seem to be widening.”

Let me turn now to customer focus.

CUSTOMER FOCUS

I have spoken about education as a \$15.5B export market.

This may by some traditionalists be described as a *Stephen Bradbury* phenomenon, with manufacturing under extreme stress in many sectors.

But this ignores our knowledge economy, and how far reaching is Australia’s industry and reputation through the region – and especially, the strong achievement – and quality -- of Australia to date in education.

Brands play an important role in supporting TAFE Institutes with their job of delivering confidence and assurance to firms and students in the modern context.

The Victorian Minister would be aware that in her State, some of the 17 TAFE Institutes no longer use “TAFE” in their branding, and of course, we have the four dual sector institutions under which TAFE is part of the university brand.

This is a broad subject in itself.

Consumer research (ANTA) showed that irrespective of the word TAFE, householders knowing the source of the skill, have been assured that a tradesperson has completed his or her qualification at a TAFE or equivalent public Australian institution – it is the quality test.

Traditional TAFE trades may now be just 25 to 30% on average of an Institute’s business size, yet this remains just as relevant for recruiting international students who want assurance of a quality qualification – meeting skilled migration points requirements, and work outcomes.

Similarly, some of our TAFE Institutes are leading training service providers -- outreaching to the Chinese electricity industry, Abu Dhabi vocational colleges, and volunteer training to the Olympic Games, Asian Games, and TAFE NSW delivering the blueprint for the training in World Expo 2010 in Shanghai.

The *Victorian TAFE Association* is currently commissioning further research into the TAFE brand, and we await with interest at their May state conference initial results of how Victorian Institutes are progressing with their branding, and stakeholder perceptions.

One impediment remaining however, is that TAFE still has many masters.

SKILLS AUSTRALIA identified in its discussion paper on governance (September, 2008) a “clutter” of agencies involved in VET, and the *Productivity Commission* is currently taking submissions as part of their annual review on red tape, to include education this year.

TDA believes it is timely to streamline the regulatory system.

Like universities some 30 years ago, governments should recognize that while funding may come from many sources, it is important for TAFE Institutes -- managing twice the number of students than universities, and to three times the industry -- gain clarity on regulatory management.

Ideally, this may be included along with labour market reforms for skills, when COAG meets in Hobart, on 30th April next.

ENTERPRISES

Engagement with enterprises is a business fundamental for all TAFE institutes.

The business environment is such, that for some institutes, almost 30% to 50% of their income split is commercial / international, and growing.

Similarly, where training is delivered has changed – as we are all aware.

Here the split is ever increasing with the demand for workplace training.

To date, the flexibility of TAFE Institutes has been frequently commended, including in NCVER research showing that over the past three years, TAFE Institutes overpowered private training in satisfaction levels by business, and has increased again last year.

Gary Banks flagged the “mismatch” to regulation.

Here I sight the overwhelmingly frustrating issue lingering for TAFE Directors – the task of keeping pace with industry and budgets, yet frequently having to manage fixed costs at odds with the marketplace – even within the tertiary sector -- and without regulatory reference to this in current funding.

The equity mission of TAFE Institutes is a key attribute.

NCVER data shows our reach across disadvantaged groups is at least twice that of universities – a key issue if attainment COAG targets are to be reached. We know this especially when we tour regional and remote locations, with TAFE delivery the only vehicle for skills and adult education.

Current VET public funding models, and the regulatory landscape has not caught up --- yet.

TAFE Directors was pleased that in the Government's response to the **Bradley Review**, our TDA "**Three Pillars**" model – covering quality, competition, and equity – was adopted and made front and centre of the tertiary collaborative reform vision.

We know universities and higher education providers have been categorized – Groups A, B and C – covering risk management and audit, including self assessment in certain areas.

Across in VET, we have evolved into a pool of no less than 4,000 providers – with the OECD recently noting a lack of transparency, as this system does not self assess risk management, and instead, the vast extent of agencies, and cost regulation is a dividend we'd prefer to avoid.

Certainly, we'd advocate better transparency – showing quality scope and access – for students and industry.

Instead, we often see distractions, and financial set-backs.

The prospect of TAFE Institutes being impacted by some state government productivity dividends – recently played out in South Australia, and this year in Western Australia – is something we can do without....something similar to what the Howard Government imposed on universities in their first Budget, and we still hear from universities the outrage and impact of those measures.

Equally important to funding models for industry, is what is taught in training.

One of the most distinguishing features of the Australian VET system in its core mission of meeting the skill needs of industry is its applied or 'practice based' approach to learning and assessment

TAFE curriculum is based on training packages, which specify the competencies a person must attain to perform at a workplace level in a specific occupation.

TDA has noted some of the problems identified with national training packages – their complexity, size and the bureaucratic approval process which can hinder quick turnaround in their development and up-dating.

- Individual competency standards and the quality principles of the AQTF-07 are helpful in ensuring relevance and national consistency.
- However the long lead time required by industry parties for changes in the content of national training qualifications does act to inhibit successful innovative practice and responsiveness of TAFE institutes.
- Employers are often motivated by the competitive edge to be gained from new and differentiated knowledge and skills rather than those which are based on nationally uniform standards.

These national processes whilst providing a high degree of consistency across states and territories can thus negatively impact on the introduction of new technology where this requires the introduction of new, and often still evolving, competencies and/or the discarding of competencies which have become obsolete or incompatible with current technology, production processes and work practices. This is a particularly pressing problem in the area of skills for sustainability where unnecessary delays may compromise the achievement of governments' other economic and social objectives eg '**green**' **skills** development.

- TDA has recently provided feedback to the National Quality Council on the issue of the lag time in development
- In addition TDA has responded to the National Quality Council on the need to report more clearly on the cognitive and conceptual skills of students and graduates of VET qualifications.

This issue impacts innovation.

TDA is of the view that current policies on innovation and post-school education fail to recognise that the majority of the workforce on which successful innovation depends will be TAFE trained. They underestimate the current and potential contribution of TAFE and TAFE-trained workers to the economy, especially in terms of their roles in skill formation and knowledge transfer.

- Recent TDA research shows a strong commitment to innovative practice and the development of an innovative culture with the great majority of TAFE institutes individually or jointly engaged in one or more specific innovative initiatives. In the great majority of cases these projects originate with individual TAFE Institute-enterprise partnerships rather than with governments.

- They include several examples of TAFE collaboration across state boundaries to form national centres of excellence which provide a new source of applied research and development for particular industry sectors.
- As Ireland identified in 2000, there is a strong link between investment in the research and innovation base of an economy and subsequent sustained economic growth.

With appropriate federal support and investment, these TAFE national centres have the potential to work with CRCs to develop the technician level workforce on whom the implementation of CRC research results will depend.

More broadly, the diversity of TAFE innovative projects is a reflection of the diversity of TAFE clients, environments and enterprise technology and capabilities

Across Australia, TAFE institutes work with enterprises and industry groups to develop and adapt and modify production processes and practices which result in the creation of new workplace knowledge and innovation

On the basis of this evidence, TDA has submitted a case to the Australian Minister for Innovation, Senator the Hon. Kim Carr, to support for innovative TAFE – business collaborative projects

- including a Government / Industry Skills Innovation Fund, and
- extending from universities, the *Structural Adjustment Fund* to TAFE Institutes, as the 2008 Budget achieved with the EIF Fund for TAFE infrastructure.

Recent research undertaken by John Mitchell on behalf of TAFE NSW demonstrated innovative enterprise engagement was instrumental to gain a lift in productivity, and aided the competitiveness of enterprises across a range of industry areas.

And of course, TAFE Directors acknowledges the recent collaborative work with ERTOA – one of the AFR Skills Conference sponsors – whereby firms like MacDonalds, Australian Defence Forces, the ABC, public utilities and Surf Life Saving, worked with TAFE executives to look at respective business models and engagement in the workplace.

The Swan TAFE work in particular produced some remarkable stories of the influence of partnerships in more effective training.

CONCLUSION

The Treasurer, the Hon. Wayne Swan MP, has noted that with the current Global Financial Crisis, swift and decisive action is essential.

Taken together, the Government and COAG attainment targets envisages a system of universal tertiary education -- with some form of engagement occurring at least once at some point in every adult's working life.

These are challenging targets – and times – and we encourage innovation and reform. These components will support TAFE Institutes as we play an important role engaged in the community and industry.