

The Hon Kim Carr MP
Minister for Innovation, Industry, Science and Research
Parliament House
CANBERRA ACT 2600

28th February 2009

CC: *The Hon Julia Gillard MP, Deputy Prime Minister; Minister for Education*
Mr Mark Paterson, Secretary, Department of Innovation, Industry, Science and Research
Mr Jim Davidson, Deputy Secretary, Department of Education, Employment and Workplace Relations

Dear Minister,

I am pleased to present this submission, as a response to the Cutler Report on Innovation.

Further to your September 2008 release of the Cutler Report on Innovation, and to support Government measures to ease the impact of the deepening global financial crisis, last week's National Board meeting of TAFE Directors Australia proposed a number of initiatives. I trust these may support your response to the Report, and its recommendations.

We make several recommendations, and this includes potential for Australian and international clients of TAFE Institutes to co-invest with Government in a new **Australian Vocational Innovation Fund**. This Fund could be a centrepiece of the 2009 Budget, especially to advance the knowledge economy with opportunities for public and private partnerships and investment in vocational applied learning and education, with tax incentives in this Global Financial Crisis.

Background

TAFE Directors Australia is the peak body representing Australia's 59 public providers of vocational education and training across all States and Territories. TAFE Institutes and the five 'dual sector' institutions (RMIT University, Victoria University, Swinburne University of Technology, University of Ballarat and Charles Darwin University) deliver some 80% of accredited VET programs nationally.

Increasingly, TDA member institutions also offer accredited higher education programs and engage in applied research and innovation, often in direct partnership with leading enterprises and industry groups.

Across both VET and higher education, TAFE Institutes are distinguished by the centrality of their relationship with industry. TAFE programs are endorsed by industry and have a major focus on applied learning. The majority of TAFE students are part-time and already in the workforce. Many of them are actively involved in the introduction of new technologies and practices in product and process development and improvement.

Minister, knowledge transfer for the majority of the workforce is therefore the core business of TAFE Institutes. Indeed, Dr Gary Banks, Chairman of the Productivity Commission, when speaking on this issue at our *TAFE MEETS PARLIAMENT 2008* conference, flagged that TAFE and its linkages to industry innovation and knowledge transfer are key to Australia's successful next steps in micro-economic reform and

productivity growth. Professor David Battersby, Vice Chancellor, University of Ballarat, has also been a keen proponent of TAFE's contribution to innovation.

TDA has welcomed the Australian Government's *Skilling Australia for the Future* initiative which provides for a major increase in the quantum of workers trained to current industry standards and job requirements. However, while training to meet existing skill needs will remain an essential role for TAFE, its impact on productivity growth will be relatively short term unless it is supplemented by a clearer government charter for TAFE Institutes' engagement in more strategic workforce development, applied research and innovation.

For these important reasons, we argue that it is imperative that the contribution of TAFE Institutes and universities of technology to the national innovation system be better incorporated and fostered by the Australian Government's mechanisms for supporting research and innovation. We emphasise the necessity for the Education Revolution to be conceived as a whole of government, cross-portfolio responsibility if the COAG productivity targets are to be met and Australia is to be assured of a workforce capable of meeting the needs of the 21st century.

TDA Position – Response to the Cutler Inquiry

TDA welcomes the *Cutler Report's* acknowledgement of the role of the VET-trained workforce in implementing innovative technology, and its observation that that "the role of crafts and trades in innovation has been massively neglected, particularly in the important areas of continuing incremental innovation in the workplace" (p.48). Yet the Report does not extend to any consideration of the reasons for, or implications of, this; nor do its recommendations encompass any measures to address and rectify this neglect.

TDA believes therefore, that the *Cutler Review* does not constitute a complete and comprehensive examination of Australia's existing and potential capacity for innovation. The Review needs to be supplemented by a purposive government strategy which directly addresses and overcomes the historic neglect of TAFE's role in applied research and innovation.

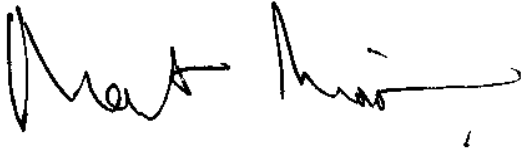
TDA argues that if governments, industry and the nation are to realise the full benefit of their investment in knowledge production and its application, there is a need for systemic reform. This reform should give greater weight and recognition to the innovative and knowledge-producing skills and practices of the TAFE-trained workforce.

Such reforms would include but may not be limited to:

- The introduction of a federal Vocational Innovation Fund to structure and facilitate TAFE-business partnerships engaging in innovative practices and technologies in workplaces
- The introduction and funded delivery, from 2010, of VET-wide minimum standards and standardised assessment of adult literacy, numeracy and information technology competence for all graduates of national VET qualifications
- More flexible accreditation arrangements for new qualifications which enable the timely delivery of innovative content on an enterprise and regionally specific basis
- The extension of the federal structural adjustment funds, currently available only to public universities, to TAFE Institutes to enable them to rapidly improve their governance arrangements, organisational flexibility and competitive efficiency
- The introduction of integrated State/Commonwealth triennial capital planning on a TAFE Institute specific basis to facilitate the technology leadership role of TAFE particularly in regional areas and in support of small and medium enterprises.

Minister, I look forward to your favourable consideration of these proposals and would welcome the opportunity to meet with you to clarify and expand on the issues raised in this letter and the accompanying paper.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Martin Riordan', with a long horizontal flourish extending to the right.

MARTIN RIORDAN
Chief Executive Officer
TAFE Directors Australia