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Mr Philip Bullock
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12 May 2009

Dear Mr Bullock

I am pleased to submit the response from TAFE Directors Australia to the discussion paper on governance, from Skills Australia.

On behalf of our members and Board, I would also like to take the opportunity of thanking you for making time in your own programme to visit Melbourne, and participate for such a length of time in the roundtable with the Deputy Prime Minister, last Thursday. This was greatly appreciated.

TDA is delighted that you agreed to be part of what proved to be a valuable opportunity for TAFE Directors to engage with the Deputy Prime Minister.

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



TOWARD A STREAMLINED AND HIGH PERFORMING NATIONAL TERTIARY SECTOR

***Response by TAFE Director Australia to the
Skills Australia paper 'Foundations for the Future'***

12 May 2009

TOWARD A STREAMLINED AND HIGH-PERFORMING TERTIARY SECTOR

TAFE Director Australia's response to the

Skills Australia discussion paper 'Foundations for the Future'.

TAFE Directors Australia (TDA) as the peak body representing Australia's 58 TAFE Institutes and divisions of the five dual sector universities is pleased to have the opportunity to respond to the discussion paper.

TDA makes the following general points;

- TDA welcomes the review of governance of the National Training System (NTS) sought by Skills Australia through its paper '*Foundations for the Future*'.
- TDA supports the idea of a tertiary sector with universities and TAFE institutes having "equal value" and yet distinct missions under a single Ministerial Council.
- TDA considers that unless universities regard the proposed new tertiary sector as a step forward, nothing will change in their relationship with TAFE and pathways for students will not improve, TDA is concerned that if all 4,500 RTOs are included in the tertiary sector, universities will in practice dissociate themselves from this change, TDA recommends that, at the very least, the Government develop new protocols which clearly define the scope of the proposed tertiary sector and differentiate between the component parts in a similar way to what currently applies in higher education.
- TDA supports the streamlining of NTS architecture in principle. However, the proposed establishment of another layer of industry advice, the Peak Industry Advisory Group, does not appear to support the objective of "*streamlined processes enhancing access to, confidence in and relevance of the national training system*".
- TDA is concerned that despite the repeated support throughout the paper for the significance of the public provider, depictions of the NTS architecture fails to build TAFE institutes into the centre of skills development with oblique reference to RTOs as "*public and private service delivery*". Further, assuming that this descriptor is also intended to

include universities, the new governance structure is unlikely to have appeal, especially those that regard research as a central to their purpose.

In relation to the **role of industry** TDA argues in this response that

- The evidence for weakened industry leadership in VET should be cited by Skills Australia. Indeed, this assertion is in conflict with the creation of Skills Australia, which in itself is evidence of the Government's intention to have industry play a leadership role in VET policy. TDA would require more detail about the distinction between the roles of Skills Australia and the proposed Peak Industry Advisory Group and the relationship between the two, before giving this proposal unqualified support..
- Industry advice is most often sourced using peak body industry bureaucrats as the conduit. TDA argues that TAFE providers are also legitimate conduits of advice on industry needs and trends. This is particularly the case in regional areas, where TAFE institutes possibly have closer ongoing contacts with local enterprises than their relevant peak bodies.
- Skills Australia's argument for improved coordination of top down and bottom up sources of strategic industry advice relating to skill needs and employment opportunities is supported and this should include the opportunity to draw on TAFE institutes' market intelligence and research.

In relation to the **funding of or investment in vocational education** TDA supports

- The paper's support for a more comprehensive and clearer picture of industry investment in training (NCVER data suggests that investment has declined in the last few years). This should include the extent to which industry invests in training that is outside of Training Package content.
- The December 2008 Commonwealth/State and Territories Agreement that introduces simpler funding and clearer accountability for outcomes.
- The paper's support for a "managed market approach" to governments' planning and funding skills development.

- The paper's insistence that increased competition and contestability must be supported by strengthened quality protocols and procedures for the NTS in relation to the audit, registration and performance of providers if standards of service delivery are to be maintained. TDA has elsewhere outlined its position in this respect in its three pillars model of contestability, quality and social inclusion.
- The paper is silent on any input or ideas to the Review of Australian Taxation under Treasury Secretary, Mr. Ken Henry, especially as it may relate to industry investment in skills. Given the taxation system treats specifically industry investment in areas such as R&D, and related value-added measures to a firm have been historically crucial to industry taxation, TDA argues that with the continued decline in industry funding of training, some consideration is warranted at this level.

TDA is however of the view that:

- There is a lack of clarity about the investment framework that is being proposed in the paper.
- The paper needs to acknowledge the impact of an entitlement model in higher education and schools with a purchasing model in VET.
- The paper is completely silent on Income Contingent Loans (ICLs). Would ICLs be available for Government supported places under a purchasing model? If this is not the case TDA is concerned that students studying higher level VET qualifications could be significantly disadvantaged compared to those in higher education.

In relation to **national regulation**

- TDA supports the concept of a Tertiary Regulatory Body, subject to the scope of the tertiary system being clearly defined, protocols being established across the sector and recognition that different levels of regulation may well be appropriate.
- TDA believes that there should be a legislative base for a national regulator to ensure high quality and powers to sanction providers where appropriate
- TDA is in agreement with the key functions of the Governance Framework; however TDA members have expressed concerns about the separation of Regulation/Quality from Policy Reform believing that a new national tertiary regulator must have an overarching policy capacity relevant to quality improvement.

- TDA is of the opinion that there needs to be a business case and a value proposition for the establishment of national regulation and a national regulatory body.

In relation to the **role of the public provider** TDA supports

- The paper's recognition of the significant contribution to the productivity of the Australian economy and the well being of Australian society.
- The paper's call for adequate funding of public providers.
- TDA acknowledges the paper's call for continued governance reform of TAFE Institutes, and given the move to a One Tertiary sector, endorses this support.

In relation to **international training activities**,

- TDA was surprised that the paper was silent about an area that TDA regards as very significant to the operations of TAFE institutes and increasingly having impact on the structure and duration of qualifications.

For further information:

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