



Submission by

**TAFE**Directors  
AUSTRALIA

to

**The Hon. Wayne Swan, MP**

Treasurer of the Commonwealth of Australia



Ideas and priorities for  
Vocational Education  
and Training

**BUDGET 2010-11**





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This TDA submission for funding allocations in the 2010–11 Commonwealth Budget was developed and approved by the National Board of Directors of TAFE Directors Australia, on behalf of Australia's 59 TAFE institutes.

Date: 22 January 2010

# 1

## TAFE Directors Australia (TDA) \$572m package of ideas and priorities for TAFE – summary recommendations

**TAFE Directors Australia** (TDA), the peak body of Chief Executives of TAFE institutes, has developed this submission to the Hon. Wayne Swan, MP with proposals for a \$572m package to provide a set of reforms for the national TAFE system which parallels the reforms announced in 2009 in the Australian Government's policy statement on higher education.

This TDA proposal recommends four key reforms to the funding of TAFE institutes and presupposes a significant **matching of responsibilities and funding** with those already extended to universities.

If implemented, these reforms will revitalise Australia's TAFE institutes: they will complement the university reforms and will be a big step towards achieving for this country a world-class education system, including dramatically higher participation and achievement rates in vocational education and training by students from low socio-economic backgrounds (low SES).

### TDA recommends:

1. **Performance funding** – as a specific Commonwealth initiative, the introduction of *at risk* performance funding for TAFE institutes from 2012, with a matching allocation of \$206m for performance funding to apply over a four-year period (see section 3.1).
2. **Structural adjustment** – TAFE institutes be resourced to meet the challenges of economic recovery, calling for change and reform in TAFE institutes – this will require a matching allocation of \$150m over four years to establish and operate a Structural Adjustment Fund for TAFE institutes (see section 3.2).
3. **Low SES/Low attainment** – a matching allocation of \$108m to support the development of measures to address low SES participation rates in TAFE institutes, aimed at increasing participation targets, with a special emphasis on cooperation between regional and metropolitan TAFE institutes for this purpose (see section 3.3).
4. **Green skills** – an allocation of \$100m to support the implementation by TAFE institutes of the National Green Skills Agreement for vocational education and training (VET) (see section 3.4).
5. **Special projects** – an \$8m allocation for highly focused research, drawing on the expertise of TAFE institutes, in three specific areas (see section 3.5):
  - (a) International student outcomes and destinations – \$5m
  - (b) Consumer protection for the international student market in TAFE – \$2m
  - (c) Social enterprises and TAFE institutes – \$1m.



## The Submission – TDA’s perspective and the context

### 2.1 Purpose and aim

On 27 November 2009, the Commonwealth Treasurer invited Australian families, individuals, business and community groups to submit their ideas and priorities for the 2010–11 Budget. In doing so, the Treasurer referred to challenges facing the Nation arising from the global recession and the need to ensure Australia has a world-class education system.

During 2009, the Australian Government set out its vision for higher education and vocational education and training (VET) in several pronouncements, culminating in *‘Transforming Australia’s Higher Education System’*, a policy statement published with the 2009–10 Budget papers. Responding to the Bradley Review of Australian Higher Education, the statement announced a major investment by government in ‘Australian universities and tertiary education system to drive comprehensive reform across the post-compulsory education and training sector’.

This investment has meant that Australian universities are set to benefit from substantially increased funding through demand-driven arrangements, incentive funding to enrol low SES students, performance related funding and better indexation.

TDA and its member institutes across the country that deliver accredited higher education courses at degree level and above alongside the full range of nationally recognised vocational education and training programs, are dismayed that these reforms effectively exclude all non-university higher education providers (of which many are TAFE institutes) and the TAFE sector.

These reforms, while welcomed by universities and the community generally, stand in extraordinary contrast to the resourcing crisis facing Australia’s TAFE institutes.

TDA believes a parallel set of reforms for the national TAFE system is sorely needed. The 2010–11 Commonwealth Budget can provide the vehicle for achieving this objective, complementing the university reforms and representing the next step in achieving the goal of delivering for Australia, a world-class education system that includes dramatically higher SES participation and achievement rates.

The TDA strategy for the 2010–11 Commonwealth Budget relies on leveraging the nearly 30 years of federal, state and territory government investment in our public TAFE institutes and, with dedicated purpose funding commitments, enables TAFE institutes – still the most trusted brand for skills delivery by households and business – to have an enhanced role and one which equips them to partner with our universities in transforming Australia’s post-compulsory education and training system.

## 2.2 TAFE context

The network of TAFE institutes, a truly federal, state and territory partnership, is recognised as being among the top five vocational education systems in the world. Most Australian TAFE institutes rank with leading vocational training institutes in North America and Europe. Enrolments have risen to some 1.68 million students a year, and official VET research data (NCVER 2006, 2007) records high levels of client satisfaction. As a result, several national peak bodies have sought high level talks to re-build industry training linkages with TAFE as the focus on workforce participation in Australia intensifies.

Internationally, TAFE institutes are playing a leading role through collaboration with vocational education systems in China, the Indian sub-continent and the United Arab Emirates in capacity building projects. In addition, TAFE institutes manage leadership exchange programs with several countries. TAFE training is a significant contributor to the \$15 billion annual international educational market. TAFE institutes have proven to be reliable and quality international education providers.

## 2.3 TAFE Directors Australia

TAFE Directors Australia (TDA), established in 1998, represents the leadership of Australia's 59 TAFE institutes across all states and territories. TDA has a National Secretariat based in Sydney and is focused primarily on policy development and advocacy for TAFE institutes.

As the peak body representing TAFE institutes, TDA has strongly supported a reform agenda – including to TAFE itself. However, while state and territory investment in public TAFE institutes has decreased, it is crucial that TAFE institutes retain their capability to perform and respond to market demands – domestically and internationally – supporting industry partners, students and community equity groups. This requires urgent and significant actions by governments at state and territory level and particularly at the national level by the Australian Government.

TDA acknowledges that since the Rudd Government assumed office, the Commonwealth's contribution to VET has risen, principally through the Productivity Places Program and infrastructure funding from the stimulus package. However, the vast majority of these funds has gone to the private sector and it is difficult to see how this policy strategy has been of benefit given most VET students are enrolled in TAFE institutes.

There is uncertainty and apprehension across TAFE institutes which contrasts with the security which universities will now enjoy through demand-driven funding arrangements and the associated special purpose funding.

TDA proposes that the Australian Government now assert national leadership, in conjunction with the states and territories, to initiate a reform program to strengthen TAFE institutes' working relationship with our universities to drive reforms to our education and training system for the benefit of all Australians.

## 2.4 A strategy for transforming TAFE institutes

In developing these Budget recommendations for consideration by the Australian Government, TDA has taken close note of the Government's reform agenda for higher education. The innovative concepts and comprehensive reform principles enunciated in '*Transforming Australia's Higher Education System*', can fairly be applied as well to the TAFE institutes and would ensure a real partnership between the two sectors – universities and TAFE institutes.

What is noticeable in the higher education strategy are the oft mentioned advantages and importance of partnerships and pathways and the consequent need for cooperation between the sectors. On the other hand, all the initiatives funded in the strategy rely for their success on universities taking the leadership and presumably, financial control. What is missing are similar initiatives and financial incentives for TAFE institutes. TDA asserts that the Australian Government's tertiary education targets can be met but only with the assistance of TAFE institutes.

For these reasons, the TDA strategy relates closely to the university initiatives and presupposes a significant matching of responsibilities and funding.

Our recommendations are based on four key reforms to the funding of TAFE institutes and three associated special projects.

### The four reforms are:

- the introduction of *Performance Funding* for TAFE institutes
- the establishment of a *Structural Adjustment Fund* akin to the higher education model
- special purpose funding to address *low SES participation and attainment*
- funding to support the development and introduction of '*green skills*' actions across TAFE institutes.

### In addition, TDA proposes funding:

- special research into international student outcomes and destinations across TAFE institutes
- a project to consider consumer protection safeguards for overseas students enrolled in the VET sector and the special roles that TAFE might play in the provision of these safeguards
- research into the potential for 'social enterprises' in the new tertiary landscape.

The reforms and special projects are addressed in more detail in section 3 of this submission.

# 3

## TDA recommendations for TAFE institutes funding reform

### 3.1 Performance funding

TDA recommends that, as with universities, the Government introduce *at risk* performance funding for TAFE institutes from 2012, as a specific Commonwealth initiative.

The 59 TAFE institutes across Australia are the backbone of the nation's vocational training system in addition to performing a number of other key education functions as part of their corporate missions. Through their public ownership, TAFE institutes are accountable for the significant public investment in them, but the current complex and dual funding arrangements have not been conducive to the development or implementation of agreed attainment targets.

Establishing institute level performance targets for attainment, participation, engagement and quality, including the crucial need to work closely with universities and schools, would focus and encourage TAFE institutes. For institutes that meet or exceed targets, performance level funding should be made available which, in turn, would act as an incentive to further achievement.

The targets would be negotiated with institutes by government and would include the development of agreed performance indicators, including measures of success for equity groups as well as quality delivery of training. Adult learners and part-time students, very much part of the TAFE institutes' client market, would be an important component of targets relating to retention, progress and completion.

Consistent with this work would be targets linked to closer and more durable relationships between TAFE institutes and industry. The position remains that industry has the broad function of determining national training needs. How these needs are met is the responsibility of TAFE institutes and to achieve them there must be a close relationship with industry at the individual institute level.

As with universities, the TAFE institutes' workforce is ageing and it is increasingly difficult to recruit and retain qualified teaching and instructing staff. There is a need for greater flexibility in negotiating employment arrangements, notwithstanding the national award structure to encourage, retain and develop innovative and enthusiastic teachers and managers.

TDA acknowledges that such a funding regime would need to be phased in through transitional arrangements over a period of two to three years, enabling individual states and territories to have input to negotiations and agreements.

**Recommendation 1:** TDA proposes that the Commonwealth Budget provide a matching allocation of \$206m for performance funding for TAFE institutes, to apply over a four-year period and that these funds be directed towards tertiary education initiatives and at improving tertiary participation.

### 3.2 Structural adjustment

'*Transforming Australia's Higher Education System*' introduced for universities the policy of structural adjustment funding to provide funding certainty during a period of major transition. In the case of universities, the move to a student-centred funding system encourages universities to consider their individual strategic direction and focus on ways to achieve long-term sustainability.

As referred to earlier in this submission, Australian TAFE institutes have similar challenges and needs. Located in the centre of the post-secondary education spectrum, with universities on one side and schools on the other, the structures and operations of TAFE institutes need to accommodate both the changing nature and role of the other sectors and be well placed to continue providing leadership in vocational education and training.

As the nation recovers from the impacts of the global economic downturn, there is an exponential growth in the demand from industry for a skilled workforce. TAFE institutes need to be resourced to meet this challenge. This will include the need to embrace change in the structure and nature of TAFE itself.

The '*Teaching and Learning Capital Fund for VET*', announced as part of the Government's Higher Education policy, was a welcome acknowledgement of this need and a major investment in TAFE institutes' infrastructure and capital works (along with the EIF). However, across the TAFE sector there is a lack of detailed knowledge as to how this Fund will operate in practice and how individual TAFE institutes might access these funds.

The perceived deficiency of the '*Teaching and Learning Capital Fund for VET*' is that it does not encompass the other crucial aspect of structural reform needs, that is, finding new and innovative models for delivering VET as part of the post-secondary education spectrum.

Developments overseas involving new institutional and organisational structures such as polytechnics, university colleges and higher education vocational institutes all warrant examination and possible trial introduction in Australia. TAFE institutes are the appropriate vehicles for doing so and the establishment of a TAFE Structural Adjustment Fund with TAFE institutes able to apply for funding for specific projects would enable this.

These projects could include new and different modes of delivery for trades, post-trades and technician skill sets. Other developments could include the introduction of 'Foundation Degrees', a short vocationally orientated degree course concept, already operating successfully overseas. Other projects could focus on encouraging partnerships between metropolitan and regional TAFE institutes to maximise effective and productive use of shared resources and in transforming TAFE institutes through a mentoring agreement with universities into tertiary education institutions.

**Recommendation 2:** TDA proposes that the Commonwealth Budget provide a matching allocation of \$150m over four years to establish and operate a Structural Adjustment Fund for TAFE institutes.

### 3.3 Low SES participation/Low attainment

Tackling equity issues is a key component of the Australian Government's plan for a fairer Australia. *'Transforming Australia's Higher Education System'* identified a major funding package aimed at improving the participation of students from low socio-economic backgrounds (low SES) in higher education and enhancing their learning experience.

A parallel reform announced by government is aimed at improving tertiary pathways to build stronger connectivity between the higher education and vocational education and training sectors.

It follows that these objectives foresee and expect partnerships and cooperation between universities and TAFE institutes. Significant funding has been made available to universities for the purpose, but none to TAFE institutes. Without independent funding, TAFE institutes will not be able to play equal and influential roles in planning and trialling any arrangements to improve tertiary pathways and will be cast, automatically, in the junior partner role.

There is failure, too, to capitalise on the extent, in comparison to universities, of the geographic reach of TAFE institutes' campuses across the country, including in remote and indigenous areas.

This scenario belies the long experience and knowledge which TAFE institutes have about low SES issues and their demonstrated empathy in working with this student cohort.

TAFE institutes have ideas and proposals about how to encourage students from low SES backgrounds to participate and, very importantly, strategies for retaining these students to the point of successful course and program completion and worthwhile vocational outcomes.

**Recommendation 3:** TDA proposes that the Commonwealth Budget provide a matching allocation of \$108m to support the development of measures to address low SES participation rates in TAFE institutes, aimed at increasing participation targets, with a special emphasis on cooperation between regional and metropolitan TAFE institutes for this purpose.

### 3.4 Green skills

Since 2008 when the Ministerial Council requested that the National Quality Council incorporate a Green Skills strategy into its workplan, the TAFE sector has acknowledged the need for developing flexible and responsive training products that include embedding sustainability skills in all training packages, skills sets and customised short accredited courses.

TAFE institutes appreciate the obligation on them to seek voluntary certification as providers of Green Skills under the provisions of the new National Green Skills Agreement for VET. TAFE institutes are aware also of the Australian Government's '*National Action Plan for Education for Sustainability*' and the associated objective of ensuring that TAFE institutes incorporate sustainability in all national training packages utilised by them and that this extends to implementing sustainable campus management.

TDA believes that achievement of these important objectives in TAFE could be expedited by a Budget allocation to enable TAFE institutes to implement the National Green Skills Agreement for VET across the TAFE sector. In so doing an example and precedent would be set for the wider VET sector to follow. TAFE has the national platform and networks to facilitate an important project of this nature.

Specific targets could include embedding sustainability practice and teaching in TAFE programs, within the national regulatory framework. Upskilling of TAFE instructors and teachers to deliver skills for sustainability would be necessary, in tandem with a strategic review by Industry Skills Councils (in partnership with TAFE) of training packages to embed sustainability knowledge skills and principles in all programs.

**Recommendation 4: TDA proposes that the Commonwealth Budget provide a specific allocation of \$100m to support TAFE institutes' implementation of the National Green Skills Agreement for VET.**

### 3.5 Special projects

TDA has identified three specific areas in which it believes highly focused research, drawing on the expertise of TAFE institutes, may be of material benefit to achieving government education and training objectives.

#### (a) International student outcomes and destinations

The international education market is crucial to our nation's economy and increasingly, to our multicultural social fabric. This has come about through a developing inter-connectedness between the international education market, widespread workforce skills shortages and permanent residency, all driven in turn by the Government's immigration policy.

There is very little evidence or information about the effectiveness of VET providers in relation to student outcomes, vocational destinations or pathways to higher education for international education students.

Indeed, the past twelve months have seen a manifestation of negative public perceptions about low level job outcomes for international students. It seems that many see cab driving or convenience store tending as the inevitable destinations for international students. These perceptions need to be challenged and this can only be done by rigorous evidence-based research.

If this data were available, policy makers would be better informed to make decisions about the economic and social value of formalising the link between international education and immigration, or to take other appropriate policy actions.

**Recommendation 5(a): TDA submits that it is timely for such research to be undertaken, and proposes that the Commonwealth Budget include a funding allocation of \$5m to enable a research project of this type.**

#### **(b) Consumer protection for international students in the Australian VET market**

The *Educational Services for Overseas Students Act 2003* provides for a twopart consumer protection mechanism for international students, to which all non-exempted providers must contribute.

In 2009 there was very damaging media coverage of the problems in the international student market. This has impacted on TAFE both in terms of a growing negative attitude towards the industry generally in overseas markets and the systemic failure of the private sector to meet its consumer protection obligations.

By all accounts the *Educational Services for Overseas Students Assurance Fund* has liquidity problems and the sector's Tuition Assurance scheme(s) are struggling to meet the calls for places for students displaced from failed providers. These concerns have all been aired in the interim report published by the Hon. Bruce Baird, MP.

**Recommendation 5(b): TDA considers it is time for a broader role for TAFE institutes in the provision of consumer protection for international students and proposes the Commonwealth Budget allocate \$2m to fund a research project for the purpose.**

#### **(c) Social enterprises and TAFE institutes**

A third research project which TDA believes warrants funding in the upcoming Budget is targeted research into the desirability of supporting the development of social enterprises through mentoring by TAFE institutes.

TDA would undertake to manage the production of a report to document effective models for TAFE institutes to support the potential role of social enterprises in the new tertiary landscape, if funded to do so. The report would focus on strategies by TAFE institutes to improve the sustainability of social enterprises by working in partnership with the enterprises and auspicing agencies to ensure that the employees of the enterprises have the appropriate skills for the success of the enterprise and their own employment opportunities.

**Recommendation 5(c):** TDA proposes that the Commonwealth Budget allocate \$1m to fund a research project on social enterprises and TAFE institutes.

This submission and its recommendations are prompted by the commitment and preparedness of Australia's TAFE institutes to take a greater part in ensuring Australia's education system is world-class. TDA would welcome the opportunity to elaborate on the submission should the Treasurer so wish.



