VET Future Directions - Terrific or terrifying?

In a recent presentation to the E-Oz Energy Skills Australia Conference, Pam Caven, TAFE Directors Australia’s Director of Policy and Stakeholder Engagement responded to the question of whether the current changes in vocational education and training policy were terrific or terrifying in her address. This is an edited version of her speech.

Few areas of Australian public policy have undergone such significant and rapid change as vocational education and training in recent years. The introduction of ‘contestability’ by the Victorian Government in 2009 and its later adoption by other states and territories have dramatically reshaped the vocational education and training sector.

The answer to the proposition – terrifying or terrific depends on your vantage point.

From a TAFE Directors Australia perspective the situation is challenging - neither terrifying, nor terrific.

All Australian governments are preoccupied with:

- the pursuit of economic growth and productivity
- strategies to reduce the deficit
- a belief in markets (and in some cases the small state)

Consequently Australian governments, via COAG, agreed in April 2012 to proceed with a systemic redefining of skills funding in Australia with an entitlement ‘voucher’ system for students and industry. This was the latest in a series of market-driven funding changes to the sector.

By the close of this year, all jurisdictions will have moved to more devolved governance arrangements for TAFE institutes.

As the peak body TAFE Directors Australia seeks to articulate the members’ priorities and directions for technical and further education.

TAFE has a big footprint in Australia with campuses across the large capital cities through to regional towns and into remote communities. TAFE institutes have demonstrated expertise in delivering across the full range of AQF qualifications; strong industry and community linkages and an educational as well as a commercial focus.

According to a paper published by the Centre for Policy Development in June 2013, TAFE frequently provides a disproportionate share of the benefits to society- providing more education and training to students with disabilities and in rural and remote areas than private providers; as well as more training in skills shortage areas.

TAFE is a major exporter of education and training services, with more than 240 active partnerships in 40 countries and 58,000 students studying off-shore.

TAFE provides the lion’s share of skills development in advanced technical areas and in apprenticeship training; however what is less well appreciated is that over 80% of TAFE’s delivery addresses critical skills shortages.
TAFE institutes ensure access to comprehensive training and education opportunities to meet the needs of industries, communities and individuals by having that coverage across Australia. TAFE has a scale and reach which has never been replicated by the private training sector, nor is it likely to be.

However the network of government owned public providers, TAFE, is now under threat. It is in danger in some jurisdictions of becoming the residual provider of last resort training that private providers won’t or are unable to do. The cost of eroding the long term viability of TAFE will mean less skilled workers for Australian business in areas of critical skills shortage and less access for individuals, especially in rural communities. TAFE institutes act as a bulwark against market failure.

The contestable market

All state and territory governments have signed an Agreement with the Commonwealth Government for the implementation of a national training entitlement and a more open and competitive training market.

VET reform revolves around the idea of a student entitlement, which can be ‘spent’ with either a public or private provider. In theory, this will drive competition and improve quality.

TAFE institutes have been operating in competitive markets for some years. TDA maintains that competition can have positive outcomes, although not where there is an unfair pricing structure driving down quality.

The National Partnership Agreement

While the National Partnership Agreement between Australian governments recognises the important role of public providers it is clear that State and Territory governments are interpreting that role in very different ways.

It is worth noting that while governments can agree on the principles underpinning VET reform, there is no common agreement across Australia’s states and territories about the nature of entitlements for students; the quality criteria that should be applied to providers in receipt of public funds; or the governance arrangements for public providers or recognition of the role of public providers in servicing local communities.

Government s should invest more in vocational education and training

TDA recently launched a specially commissioned report prepared by Independent Economics and sponsored by the Australian government.

Cost-benefit analysis and returns from additional investment in Vocational Education and Training (VET) has revealed that the expected investment of $2.3 billion over the next five year period is insufficient to address the significant levels of individual and industry unmet demand for VET.

The modelling shows that a federal funding injection of a further $1.0 billion over the expected investment of $2.3 billion would more than double the economic impact – from the $0.6 billion estimated under the current arrangements to $1.4 billion.
The report also provides new insights into the multiple ways in which investment in VET contributes to economic growth and an improved standard of living. This modelling demonstrates a compelling case for sustained and further increases in government funding, and opens discussion into how this may be more strategically deployed in order to obtain maximum economic benefits.

Specifically, TDA contends from the analysis that there needs to be:

- a systemic review of tertiary education funding,
- support for pathways funding,
- greater emphasis on funding for skills sets, and
- more transparent and accountable arrangements for the National Workforce Development Fund.

The full report by Independent Economics can be accessed on the TDA website.

TAFE institutes live in challenging times, neither terrific nor terrifying.

As the chair of TDA, Stephen Conway in his welcome address to TDA conference delegates characterised the current situation of TAFE institutes; “We are leaner, we are sharper in our focus on skills in an international context, we aim for agility in our business models, and we anticipate the changing needs of our diverse clients. We increasingly draw on our collective capability”.
