

*Submission to the Inquiry into the provisions  
of the Migration Amendment (Skilling Australians Fund)  
Bill 2017, and the Migration (Skilling Australians Fund)  
Charges Bill 2017*

Senate Education and Employment Committee

15 December 2017

TAFE Directors Australia (TDA) welcomes the opportunity to comment on the Migration Amendment (Skilling Australians Fund) Bill 2017, and the Migration (Skilling Australians Fund) Changes Bill 2017.

While TDA does not have specific technical comments to make about the proposed legislation, we note that the consequences are significant to the future operation of Australia's vocational education and training system.

Under Constitutional arrangements in Australia the responsibility for vocational education and training rests with the states and territories. Since the early 1990s, however, the Commonwealth and all jurisdictions have sought to work together to pursue skilling strategies for the workforce which support economic and social development, and contribute to Australia's prosperity. This has been based on agreed joint priorities, especially in the areas of qualifications, and quality assurance and regulation, which align with industry's need for skilled workers as well as with national regulation, and seek to assure national consistency in delivery standards and outcomes.

The current Federal Financial Relations framework seeks to facilitate shared priority setting between governments but also to afford flexibility to jurisdictions to meet local needs and ultimately deliver outcomes based on subsidiarity principles. National Agreements outline broad arrangements for transfer of funds and National Partnerships have invested in reforms in services to improve effectiveness. National Project agreements have been struck for short-term specific projects and form the basis for transfer of funds from the Commonwealth to states and territories.

TDA understands the Skilling Australians Fund, financed mainly from revenue enabled by this bill, will be a project-based agreement that will allow for numerous individual projects, with matched funding from the proponent state or territory. While details of the proposed agreement are still being negotiated, TDA is concerned that the model may result in a piecemeal approach to reforms needed in the sector. The increased accountability and administrative work envisaged in such projects, while primarily between levels of government, will also flow through to TAFEs and

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other providers that will likely be the delivery arm for the initiatives. TDA encourages the Commonwealth to strike an agreement with states and territories that minimises red tape and promotes initiatives of larger scale as leverage for more systemic reform.

TDA supports the priority set by the Commonwealth for the fund to grow apprenticeships, traineeships and to expand pre-apprenticeship training and higher-level apprenticeships. TDA acknowledges the challenges facing the apprenticeship and traineeship system in Australia, evidenced by large and sustained declines in participation levels. These models of training are important for the future of Australia as formal training is enhanced through formal workplace experience. The arrangements also help hitherto inexperienced jobseekers to engage in work as an effective pathway to productive contributions in workplaces.

Apprenticeships and traineeships rely on engagement and commitment from employers, which comes at a cost to their operations. To some extent the decline in participation rates is due to employer circumstance. Where they face other pressures, it is understandable that they do not engage apprentices and trainees. Indeed, it is laudable if this is because they fear they would not be able to provide the facilitative environment and supports so crucial for success. TDA contends that it may be time to consider a revised relationship within the apprenticeship and traineeship model of training. This could entail funding training organisation to provide facilitative and support services to the employer. Providers would need to be endorsed and the nature of the service and support formalised in some way. Many TAFE institutes already provide this support, especially through dedicated apprenticeship support services, but a systemic shift in service delivery from the employer to the provider may encourage employers to engage apprentices and trainees.

TDA sees national employers as playing a lead role in engaging apprentices and trainees, and supporting the integrity of a national training system. However, the project model through individual jurisdictions risks these employers needing to engage individually with each jurisdiction. This creates a clear disincentive plus a real cost premium, especially as each jurisdiction will pursue its priorities in different ways. TDA recommends that governments consider a pool of funds to support national employers. Also, recognising that national employers seek to work through one training organisation, consideration should be given by individual jurisdictions to support cross-border delivery by a single provider. Alternatively, a network of providers could be established operating under agreed funding and conditions. TAFE institutes, as the only network of training delivery covering all of Australia, are well placed to implement this model, and as agents of each jurisdiction can offer financial and delivery assurance to government.

In this respect, TDA, whose membership includes all TAFE institutes and dual sector universities, has the capability to play a strong facilitation role for projects involving national employers, and could support governments to ensure greater national coordination and consistency, as well as better outcomes for the funding applied. TDA is very cognisant that a truly national approach would benefit both students and employers, and would represent a means for restoring confidence in Australia's vocational education and training system.

While the details of the inter-government agreements are unknown at this point, TDA wishes to raise the broader concern that the Skilling Australian Fund risks focussing effort on apprenticeships and traineeships at the expense of responding to other important priorities facing

the Australian economy. These priorities include mitigating the impact of automation, artificial intelligence and other disruptive technologies on the levels and types of skill of workers, and ultimately ensuring that all Australians are active participants in the labour market, which is so central to sustaining the nation's GDP, and ensuring our ongoing international competitiveness.

TDA recommends that governments of Australia unite to determine new priorities for skilling Australians. Successful negotiation of the Skilling Australians Fund agreement should be seen as only a first step of an important journey of reform required to vocational education and training in Australia. TDA welcomes the opportunity to collaborate with governments to make the Skilling Australians Fund a national success.

### *About TAFE Directors Australia*

TDA is the peak body incorporated to represent Australia's Technical and Further Education (TAFE) institutes and university TAFE divisions, and the Australian-Pacific Technical College (APTC).

TDA operates a National Secretariat, and enjoys full membership of all TAFE Institutes in states and territories, including six dual sector universities and the eleven TAFE institutes currently registered as Non-University Higher Education Providers (NUHEPs).

Because of its variety of members, TDA truly represents the complementarity of diverse institutes with varying roles and, as such, is engaged with counterparts and stakeholders across the broad tertiary sector.

TDA members enrolled over 800,000 students in 2016, and our institutes and dual sector universities enjoy a majority market share of government-funded training. TAFE remains the leading partner in vocational education and training (VET) across Australia's core skilled occupations, especially with Australian industry.

At a wider market level, VET is the major component of the tertiary education system; NCVER confirms VET enrolled three times as many students undertaking some form of accredited training as those attending universities across Australia in 2016 (4.2 million<sup>1</sup> compared to 1.4 million<sup>1</sup> respectively).