



## **INQUIRY BY THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON EDUCATION AND EMPLOYMENT INTO THE ROLE OF THE TECHNICAL AND FURTHER EDUCATION (TAFE) SYSTEM AND ITS OPERATION**

### **SUBMISSION FROM INNOVATION AND BUSINESS SKILLS AUSTRALIA**

---

Innovation and Business Skills Australia (IBSA), one of Australia's 11 industry skills councils, works with governments, individual enterprises, industry associations and other stakeholders to improve the response of the national training system in six industry sectors: Business Services, Cultural and Related Industries, Financial Services, Education, Information & Communications Technologies and Telecommunications, and Printing and Graphic Arts.

These industries contribute about one quarter of Australia's GDP and account for nearly 30 percent of the Australian workforce. More broadly, innovation and business skills help to create and sustain growth in all industries by providing skills in areas such as critical thinking, information and computer literacy, project management, communication, and the capacity for creativity and innovation. As such, the work of IBSA in developing the national, industry-endorsed vocational standards is an integral part of the transformation of Australia to a new economy centred on knowledge and services.

IBSA represents a varied group of industries all of which contain a large number of SMEs and micro-businesses and are extensively integrated into other industries to provide key enabling functions. Our clients are scattered across every corner of the country, in remote towns, regional centres and larger cities.

IBSA is committed to delivering on COAG priorities in building workforce participation and productivity. IBSA now offers over 300 qualifications across 13 Training Packages. In 2011 there were well over 500,000 participants in IBSA Training Packages. The Business Services Training Package is the most highly used of all national Training Packages

Our Training and Education Training Package is a unique offering by IBSA to the operation of the national training system. It underpins VET delivery in every industry and is critical to

raising standards across the VET sector. It contains the entry level qualification into the VET workforce and is delivered by both public (TAFE) and private providers.

IBSA receives Commonwealth funding for its general operations as well as specific project funding through the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education and other Commonwealth departments. There is a total separation between the government funded activities and our commercial activities which support delivery of the Training Packages by providing high quality, innovative learning resources and training workshops.

## TAFE Institutes and Change

---

In its work, IBSA enjoys close and continuing relationships with Australia's VET providers, including all the publicly owned VET providers (or TAFE institutes) who together are generally regarded as constituting the Australian TAFE system. We are pleased therefore to have an opportunity to make this submission to the Committee's Inquiry into the role of the TAFE system and its operation.

ISCs have a strong relationship with VET providers as the core business of TAFEs and private VET providers is the delivery of the industry-endorsed national qualifications developed by ISCs. IBSA has established a strong relationship with the large public VET providers through forums such as the TAFE Directors' International Green Skills Network Advisory Panel, participation in projects such as the development by TAFE NSW of the Associate Degree in Financial Services, regular presentations to the National TAFE Heads of Accounting and Business Forums, and the partnerships with Queensland TAFEs utilising IBSA's e-Learning support resources.

Our comments are necessarily brief and of a high-level nature, but are made with the objective of contributing to what is an emerging national conversation about the future role and nature of TAFE institutes as publicly owned providers of vocational education and training. While TAFE institutes have been many in size, shape, nature and specific purpose, IBSA, for the purpose of this submission, perceives a typical TAFE institute to be large in size, multi-campus and multi-disciplinary, located in urban areas or across diverse regional centres and with a wide range of industry and individual clients.

Technical and Further Education, or TAFE, as it has been known since the term was first introduced by the Kangan Report some forty years ago, has been a system in evolutionary change. More accurately, it has been some eight systems in change, each system continuing to operate within its state or territory jurisdiction, but contemporaneously having to respond to industry and government pressures at the national level for more focussed, industry led skills training.

This has especially been the case since the former Australian National Training Authority was established in 1992 and the national training framework was first introduced, with national training packages replacing state based curricula.

Over time, the policy emphasis has been on developing a national, industry-driven VET system in partnership with governments, and on delivery being the shared responsibility of public and private providers. Notwithstanding state and territory responsibility for regulation and for base funding, much consensus has been achieved on the notion of a national system in which the various jurisdictional contributions were aggregated in the national interest.

Accompanying these developments was much welcomed additional or 'growth' funding contributed by successive Commonwealth Governments but which carried with it the expectation that the public providers, or TAFE institutes, will increasingly operate in an open market environment, competing with private providers, comprising both 'for profit' and 'not for profit' registered training organisations.

This changing scenario has now placed TAFE institutes in what many consider to be an increasingly conflicted position, balancing requirements to deliver industry skills training in an open competitive market environment, with traditional community service obligations to stakeholders and clients. Most recently, funding decisions by some jurisdictions have caused TAFE institutes in those jurisdictions to review their business models and their commitments, with significant deleterious implications for program delivery.

IBSA therefore understands the dilemma which some TAFE institutes perceive themselves to be in. Resolving it is one of the operational challenges TAFE institutes and their owners are facing up to. It is not appropriate for IBSA to comment on these specific matters, but it does seem to us as a stakeholder in the VET sector, valid for IBSA to make some general observations about TAFE institutes, and about the industry in which they operate.

## **TAFE institutes and Competition**

---

IBSA contends that Australia's vocational education and training sector needs to have industry engagement at its centre, producing work-ready graduates and regular up-skilling of existing workers who together contribute to growing national productivity. It follows that VET must focus on job outcomes to remedy skills shortages, with higher level skills creating higher earning jobs, greater productivity and a higher GDP. This means more than just training pathways; the focus needs to be on increasing completion rates so that individual learners and employees are more highly skilled and able to make a greater contribution to the economy and very importantly, their own material well-being.

Fundamentally, the health and vitality of the Australian skills training industry depends on public and private providers of skills training operating and competing in the same regulated market place. This is no different from any other market sector. Competition encourages efficiency and effectiveness and TAFE institutes are undoubtedly now more efficient and effective than their antecedents through having to compete with private RTOs. The introduction of so-called 'user choice' funding by governments two decades ago opened the gate to competition. What we have seen since has been a logical development, overwhelmingly to the benefit of industry and to individual learners.

The question to be answered is how far should competition reasonably go? The introduction of 'demand driven' or 'uncapped' funding for skills training delivery in several jurisdictions has

raised issues to do with the viability of TAFE institutes continued provision of skills training in 'thin markets' and/or regional areas. The interests of disadvantaged students and other special needs clients should also be borne in mind.

Our view is that a demand driven model is an appropriate and desirable policy stance in funding skills training from both economic and social perspectives, but needs to be done in a controlled budgetary environment, with a cap or ceiling on funding available to individuals, in terms of quantum and conditional restrictions on program choice. The new funding model adopted by the South Australian Government would seem to us to offer a good example of such an approach. However, consultation with industry about skills training priorities is an essential pre-requisite to successful implementation of any demand driven funding model.

Funding provision for skills training needs also to acknowledge and support all age groups, to have special regard for disadvantaged learners and for employers, employees and individual learners in remote or regional communities. Helping people to acquire the skills they need for sustainable employment in such situations and areas has been an important continuing role of TAFE institutes.

---

## TAFE Institutes and Core Business

---

The core business of TAFE institutes has always been the delivery of government funded training packages and other nationally recognised training programs to school leavers, to mature-age adults and to apprentices and trainees employed in approved industries. TAFE institutes have also very successfully operated in the fee for service overseas market, including extensive delivery to onshore international students, offshore project work and campuses and in the provision of commercial customised workforce training.

More recently, a number of TAFE institutes have delivered accredited higher education courses, recognised by regulatory authorities as 'approved non-university higher education providers', for the purpose.

IBSA acknowledges the success and achievements of TAFE institutes in these commercial activities and the importance of these to their financial viability. However, the strength and vitality of the VET sector depends on TAFE institutes continuing to play the leading role in delivering skills training and job competencies to young Australians and to those already in the workforce, including providing regional students access to learning. The importance of TAFE institutes being supported and funded appropriately to deliver on this core mission should not be understated. Indeed, if they are not, an unfortunate result may be that TAFE institutes turn their attention and priority to servicing clients with the capacity to pay, marginalising industries and individuals with lesser resources. Innovation and encouraging diversity may be unintended casualties.

As to the efficacy of differing funding models which may be used by governments to support industry skills training in their jurisdictions, IBSA wishes only to make the point that applying significantly lower funding levels to courses which come within the IBSA coverage may have an unfortunate unintended consequence. If funding per capita for business related courses falls below a level which providers, public and private, regard as viable, the result may be a reduction in the number of providers willing to provide the course(s). This may lead in turn to a

skills gap emerging. Alternatively, providers may continue offering the course, but with reduced resourcing. The implications for standards and quality are obvious.

Industry participation in national training strategic policy development has been based in large since the ANTA days on government engagement with industry, on the provision of reasonable base funding for TAFE institutes sufficient to ensure that prioritised skills training is delivered without regard for capacity to pay and on nationally consistent quality standards. It is crucial that industry's confidence is not threatened or misplaced.

IBSA submits, therefore, that governments need to consult with industry about skills training priorities and about possible consequences of intended changes in funding policies, if unintended, adverse outcomes are to be avoided. IBSA takes this to include ensuring that Australia's TAFE institutes remain a central part of the VET system, providing a skills training safety net for disadvantaged groups and persons and their markets.

In summary, TAFE institutes have been an integral part of Australia's tertiary education and training system for 40 years. They continue to be the main delivery point(s) for our national vocational education and training programs and their multi-disciplinary offerings are based on industry workforce training priorities and needs, as articulated through industry skills councils, including IBSA. The partnership works, as indeed it does with the private provider sector. TAFE is a significant national infrastructure and is critical to the effectiveness of the VET sector. The infrastructure has been developed over many decades and it is important that it continues to be nurtured and developed as a critical resource for the sector.

For their part, TAFE institutes and their owners should desirably govern and manage their operations in ways which ensure that each Institute and its staff are flexible and responsive in attitude and performance. The current moves towards placing TAFE institutes on a more commercial footing and to devolving decision-making to institutional level are an encouraging development in this direction. Australian industry and the myriad individual clients of TAFE institutes trust that TAFE will continue to be resourced appropriately.

Sincerely

John Vines OAM  
IBSA Chair