

**JOHN MITCHELL & ASSOCIATES**

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Submission to:

Inquiry into the role of Technical and Further Education  
system and its operation

by the House of Representatives Standing Committee on Education and  
Employment

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14 April 2013

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## Covering letter

14 April 2013

Amanda Rushworth, MP  
Chairperson  
House of Representatives Standing Committee on Education and Employment  
Parliament House, Canberra ACT

Dear Chairperson,

Submission to Inquiry into the role of Technical and Further Education system and its operation

Thank you for the opportunity to table this submission with this important Inquiry.

I write in my capacity as Managing Director of John Mitchell & Associates (JMA), a research company that focuses on the vocational education and training (VET) sector. The company was established in 1992 and specialises in research, planning, evaluation, strategy and innovation in relation to strategic leadership and workforce development in VET. Please see our publications on VET and TAFE at <http://www.jma.com.au>.

In addressing the terms of reference of the inquiry, my submission draws attention to a range of evidence-based publications I have authored recently that are relevant to the inquiry. One publication of particular relevance is *From unease to alarm: Escalating concerns about the model of 'VET reform' and cutbacks to TAFE* (Oct 2012) available at [http://www.jma.com.au/upload/pages/home/\\_jma\\_vet-reform-document.pdf](http://www.jma.com.au/upload/pages/home/_jma_vet-reform-document.pdf)

I commend the Committee for undertaking the Inquiry and wish it well with its investigations. I am of course available to elaborate on this submission.

Yours sincerely,

*Dr John Mitchell*

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Managing Director  
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## Response to the terms of reference

Overall terms of reference: "TAFEs have played a critical role in the training and development of Australians for more than one hundred years. For many Australians, TAFEs provide a critical pathway to training and skills which are increasingly needed to access employment. They also play a critical role in regions and in providing access for disadvantaged groups."

The publications cited below provide recent, validated evidence of the critical role of TAFE, in response to the overall and specific terms of reference of the Inquiry.

Term of reference No.1: the role played by TAFEs in the development of skills in the Australian economy

This role of TAFE is addressed in a recent publication I prepared for TAFE Directors Australia: [\*Reinventing service delivery. Case studies of TAFE Institutes meeting industry needs and government goals.\*](#)

The TDA publication describes how TAFE effectively meets industry needs and government goals, based on five case studies that are set out after the paper, and other related evidence.

The five case studies are set out in Table 1.

Table 1. Summary details about the five 2013 TDA case studies

Case study No.	COAG theme	TAFE Institute	State	Organisation	Industry
1	✓ Increased Productivity (including Global Competitiveness)	TAFE SA Adelaide South	SA	Redarc Electronics	Manufacturing
2	✓ Flexible Workforces	SkillsTech Australia	QLD	Toyota Motor Corporation Australia	Automotive
3	✓ Highly Qualified Staff (including Career Building)	Challenger Institute of Technology	WA	Apache Energy Ltd	Oil and Gas
4	✓ Skills for the New Economy	Kangan Institute	VIC	Council of Textile and Fashion Industries of Australia	Textile and Fashion
5	✓ Regional Growth	TAFE NSW - Riverina Institute	NSW	Murrumbidgee Local Health District	Health

The introductory paper in the TDA publication performs three major functions. First, it links the findings from the five case studies in this publication to a body of work by the author over the last six years, to show that the five case studies represent a continuation and refinement of TAFE's ability to flexibly meet industry and government needs.

Second, the introductory paper analyses this flexibility in terms of contemporary business research about how progressive service organisations are innovative, value-creating and client-focused. The discussion shows that TAFE Institutes have a capacity to redefine their service delivery to meet changing and challenging needs of industry and government.

Third, the introductory paper links these qualitative case studies about the advanced capacity of TAFE Institutes to a three-year nationwide collection of quantitative data about TAFE staff capability. The quantitative data indicates that staff capability is high, and this finding helps to explain the achievements of TAFE recorded not only in the case studies in this publication but also in over 75 other TAFE-industry case studies prepared by the author in recent years.

The qualitative evidence of TAFE institutional capacity and the quantitative evidence of TAFE staff capability lead to the conclusion in the paper that TAFE is of considerable value to the nation.

The title of the paper 'Reinventing Service Delivery' is taken from an article in the December 2012 issue of *Harvard Business Review*, 'Four Ways to Reinvent Service Delivery', by Ramdas, Teisberg and Tucker. Reinvention of service delivery means "radically reinventing the delivery of services" in order to "create tremendous value for customers" and for the service providers (p.100). They propose four ways that service delivery can be reinvented: changing the structure of the interaction with the customer; modifying the scope of what is delivered to the customer; reviewing who delivers the service the customer; and reconsidering the location for the delivery. This paper shows that the five case studies in this publication provide examples of TAFE Institutes using some or all of those four ways of reinventing service delivery.

The TAFE Institutes described in the case studies meet the indicators of an innovative, value-creating organisation set out by Ramdas et al. (2012). This paper also points to three recent VET publications that demonstrate TAFE Institutes are meeting other business indicators of flexibility and responsiveness set out by Bessant (2008), Cheverton (2010) and Dawson (2009). TAFE Institutes are moving beyond being broadly flexible to reinventing or redefining the ways they deliver services.

Please see [http://www.tda.edu.au/resources/tda\\_reinventing\\_service\\_delivery.pdf](http://www.tda.edu.au/resources/tda_reinventing_service_delivery.pdf)

Please also see Attachment 7 of this submission, which discusses further the value of TAFE nationally.

Term of reference No.2: the role played by TAFEs in the development of opportunities for Australians to improve themselves and increase their life and employment prospects

I recently prepared for TAFE NSW-South Western Institute a publication to be released in June 2013 entitled *SWSi Innovate: the model of systematic innovation at TAFE NSW – South Western Institute, 2013*. Please see an article on this SWSi publication and capacity for innovation, in Attachment 6.

Please click on links below to see other TAFE research publications I have prepared that address this term of reference:

- [A Model of Sustainable Innovation, West Coast Institute of Training, 2012.](http://www.jma.com.au/upload/pages/building-innovation-models-for-organisations/2e72d491-7816-4016-b532-0f7c92a074a2.pdf)  
<http://www.jma.com.au/upload/pages/building-innovation-models-for-organisations/2e72d491-7816-4016-b532-0f7c92a074a2.pdf>

This publication contains case studies of TAFE working to assist staff to improve their skills and careers in the WA mining industry, the WA IT industry, the WA indigenous tourism industry and the WA health care industry. Another case study describes TAFE's work assisting young Aboriginal people in the sport and health industries.

- [Improving Workforce Capabilities](http://www.jma.com.au/upload/pages/organisational-learning-and-capability-development/improving-workforce-capabilities-2011pdf.pdf), *How TAFE NSW - South Western Sydney Institute effectively assists organisations to develop their workforce, 2011.*  
<http://www.jma.com.au/upload/pages/organisational-learning-and-capability-development/improving-workforce-capabilities-2011pdf.pdf>

This publication contains case studies of TAFE working to assist staff develop their skills and careers with Housing NSW, Optus, Qantas, Revesby Workers Club, Roads and Traffic Authority, St Basil's Homes, Sydney Turf Club, Thomson Ford, Disability Services Australia and Advance Metal Products.

- [The Challenger Impact Model](http://www.jma.com.au/upload/pages/building-innovation-models-for-organisations/challenger_impact_model-10cs.pdf): *Industry clients detail Challenger TAFE's impacts, Challenger Institute, 2009.*  
[http://www.jma.com.au/upload/pages/building-innovation-models-for-organisations/challenger\\_impact\\_model-10cs.pdf](http://www.jma.com.au/upload/pages/building-innovation-models-for-organisations/challenger_impact_model-10cs.pdf)

This publication contains case studies of TAFE working to assist staff improve their skills and careers with the WA Department of Corrective Services, Main Roads WA, Activ, Burswood Entertainment Centre, Benara Nurseries, Bethanie Waters Aged Care Facility and Village, Dale Alcock Homes and Kinetic IT.

Term of reference No.3: the role played by TAFEs in the delivery of services and programs to support regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment

Please click on the following links to see case study publications I have prepared that address this term of reference.

Regarding support for regions and communities, please see:

- [Innovative Regional Skilling](http://www.jma.com.au/upload/pages/research-on-innovation/innovative-regional-skilling-publication-2-nov-2010.pdf), *How TAFE SA Regional combines technology and innovation to improve student access, participation rates and course completions, 2010.*  
<http://www.jma.com.au/upload/pages/research-on-innovation/innovative-regional-skilling-publication-2-nov-2010.pdf>

The case studies in this publication describe and analyse TAFE's work with regions and communities in rural and regional areas of South Australia, from the Murraylands to the Barossa Valley to the APY Lands, and in Mount Barker, Mount Gambier, Berri, Port Pirie, Kadina, Whyalla and Port Lincoln.

- [Creating and Adding Value](http://www.jma.com.au/upload/pages/building-innovation-models-for-organisations/creating-and-adding-value.pdf): *How customer responsiveness by TAFE NSW benefits its clients, 2011.*  
<http://www.jma.com.au/upload/pages/building-innovation-models-for-organisations/creating-and-adding-value.pdf>

In addition to case studies from the metropolitan area, case studies in this publication include TAFE providing services in the New England, North Coast, South Coast, Newcastle, Western and Riverina regions of NSW.

Regarding support for disadvantaged individuals, please see:

- [Improving the bottom line](#), *Why industry values partnerships with TAFE NSW, 2008.*

[http://www.jma.com.au/upload/pages/organisational-learning-and-capability-development/improving\\_the\\_bottom\\_line.pdf](http://www.jma.com.au/upload/pages/organisational-learning-and-capability-development/improving_the_bottom_line.pdf)

This publication includes case studies of Aboriginal people being assisted to work in the energy industry and people from Non English Speaking Backgrounds to work with Cochlear.

- [Reinvention through Innovation](http://www.jma.com.au/upload/pages/research-on-innovation/innovative-regional-skilling-publication-2-nov-2010.pdf), *How West Coast TAFE works with clients to reinvent itself and improve its services, 2009.*  
<http://www.jma.com.au/upload/pages/research-on-innovation/innovative-regional-skilling-publication-2-nov-2010.pdf>

This publication includes case studies of TAFE assisting young mothers and Aboriginal, indigenous and migrant youths.

Term of reference No.4: the role played by TAFEs in the operation of a competitive training market

In my role as a regular columnist for the national weekly journal *Campus Review*, from October 2011 to October 2012 I wrote 22 articles of approximately 1200 words each on the effects of the competitive training market and associated decisions by the Victorian Government and published them in a document entitled: *From unease to alarm: Escalating concerns about the model of 'VET reform' and cutbacks to TAFE.*

The articles are based on interviews with leaders from industry, government, regional communities, higher education and the vocational education and training (VET) sector. Please see the publication at [http://www.jma.com.au/upload/pages/home/\\_jma\\_vet-reform-document.pdf](http://www.jma.com.au/upload/pages/home/_jma_vet-reform-document.pdf)

Many of the articles examine, either directly or indirectly, three pillars of the model of VET reform, particularly:

- 'market design', that is the proposition that an effective market for vocational education and training (VET) can be designed and implemented by government officials, while still meeting industry skill needs
- 'student entitlement', that is providing eligible students with access to a subsidised training place of their own choice, with an approved training organisation
- 'contestable funding', that is opening up to tender more and more of the public funds for training, so that TAFE and private registered training providers compete for those public funds.

The articles show that, over the twelve months from October 2011, VET reform based on these pillars remained elusive, as VET reform requires some foundational elements not yet in place, including well-informed consumers, well-resourced regulators and barriers to profiteering providers.

Many of the articles also discuss the role and value of the TAFE system and question the logic of cutbacks to it, given the public investment in its infrastructure, its widespread reputation among industry for quality, its network for servicing regional areas and its specialist strength in assisting the most vulnerable.

The 18 interviewees for these 22 articles were drawn from the diverse categories of:

- politics (2 interviewees)
- government bodies (2)
- industry (3)
- higher education (4)
- TAFE (3)
- private providers (2)
- community college (1)
- group training organisation (1).

The interviewees represent different industries, education sectors and political perspectives.

Interviewees were sent interview questions or topics in advance, and all the interviews were digitally recorded and then fully transcribed by Perth-based company audio.net.au In every case, the draft of the full article was sent to the interviewee to validate the accuracy of the article.

In the document, the articles are set out in chronological order. A sequential reading of the articles will show that there were consistent concerns about the Victorian approach to VET reform and the Victorian government reduction in funding for TAFE, beginning in October-November 2011 with reservations expressed about the Victorian government's version of VET reform by both the Labor Federal Tertiary Education Minister Chris Evans and the Liberal and National NSW Minister for Education Adrian Piccoli (articles 2, 1). Their early concerns proved to be well founded, as later interviewees reiterated these concerns and added new information and insights.

A reading of the articles will show that the concerns escalated in the twelve months from October 2011, ending in July-September 2012 with representatives of the three national peak industry bodies – AiG, ACCI and BCA – expressing significant concerns with Victorian developments (articles 16, 18 and 20). These three interviews indicate that the fundamentals were not in place when Victoria implemented VET reform, and they were still not in place in October 2012. For example, interviewee Claire Thomas, Director of Policy at the Business Council of Australia (BCA) noted in September 2012:

What was missing in this market was having spelled out where we were heading and how we were going to get there. We just started with the student entitlement and contestability and a commitment to good regulation and transparency, but it wasn't quite all there in time. And [there was] not a clear path to how prices would be set in that market eventually. So the key message is about the market design. (Claire Thomas, BCA, article 20)

Many other interviewees questioned whether these fundamentals can ever be put in place and questioned the wisdom of removing substantial funds from TAFE (e.g. articles 3, 4, 5, 7, 17, 19, 21).

Other interviewees warned of unintended or grave consequences of VET reform, such as a lack of support for quality teaching negatively impacting on learners (e.g. articles 9, 10, 13) and new funding arrangements leading to reduced training opportunities for youths, particularly young women, and people in regional areas (articles 1, 8, 15, 17, 22).

Another unfortunate consequence of VET reform was that high quality and longstanding private providers were tainted by association with 'shonky' providers (articles 6, 15, 22).



Meanwhile, some interviewees hoped that their work for government bodies would lead to improved VET standards and that strengthened regulators would address the concerns about low quality training (e.g. articles 11, 12, 14).

In summary:

- the critiques of VET reform and the challenges to TAFE cutbacks are consistent throughout the document, for example
  - the concept of a VET market was an experiment based on ideology not evidence, and its implementation in Victoria was not based on firm foundations (articles 3-7, 19, 21)
  - the cuts to TAFE overlooked the fact that “TAFE operated for the public good” (AiG’s Innes Willox, article 16) and that “the role of TAFE is critical” (ACCI’s Jenny Lambert, article 18)
- the intensity of criticism rose over the twelve month period, with the tenor of the critiques shifting from unease in late 2011 (e.g. articles 1, 2) to alarm in mid-late 2012 (e.g. articles 16-19, 21-22).

Ultimately, this set of articles points to a failure and crisis in VET policy that stakeholders demand be addressed (see articles 16-22). Importantly, those stakeholders are from different sides of politics and from the public and private sectors.

Please see two other, recent articles on the impact of TAFE cutbacks in Victoria:

- Attachments 1: TAFE cuts affect young people
- Attachment 5: Funding cuts hurt the disengaged.

Term of reference No.5: the role played by TAFEs in those jurisdictions in which State Governments have announced funding decisions which may impact on their operation and viability

Please see my response above to Term of Reference No.4 in which I refer to a set of 22 articles on the role played by TAFE in Victoria, in particular, where the State Government’s funding decision has impacted on TAFE’s operation and viability.

Additionally, please also see the following Attachments containing articles from October 2012-March 2013, showing the determination of TAFE leaders in NSW, QLD and WA to find ways for TAFE to remain innovative and of value to their students, communities, regions and industries:

- Attachment 2. TAFE NSW will be synonymous with jobs, innovation and quality
- Attachment 3. Queensland leader welcomes reform
- Attachment 4: WA TAFE leader thrives on competition.

These Attachments build on the other reports cited above that also provide evidence of TAFE creating and adding value of a high order, over a considerable period time, for Australia.

## **Attachment 1. TAFE cuts affect young adults**

John Mitchell's 'Inside VET' column in *Campus Review*, 29 October 2012

*Some young people can't even afford the cost of public transport to TAFE, says new Victorian report*

Does it matter much to students if TAFE programs are dropped, fees for courses are raised, counselling services are scrapped and campuses are closed down?

Policy makers who hold to the principles of market design view such cutbacks as contributing to the creation of a free and open market where the public provider TAFE can compete on a level playing field with for-profit training providers. They believe that such competition is good for everybody, including students as consumers.

Uncomfortably for policy makers, a recently released report in Victoria indicates that TAFE fee increases and campus closures matter greatly to one group of consumers, young adults. The report is entitled 'Turning 21, Life chances and uncertain transitions', and is the latest product of a research project that commenced in 1990. This unique longitudinal study of 167 infants born in Melbourne in 1990 was initiated by the Brotherhood of St Laurence in order to explore the impacts on children, over time, of family income and associated factors.

The researchers have tracked the young people and their families over the last two decades and, in the tenth stage of the project, followed them up as twenty one year olds in 2011. Of the original group of 167, 123 completed surveys and 25 were interviewed last year, to see how they were dealing with the transition to adulthood.

According to the report, the 123 young people fell into three family income categories: 25% low income, 35% medium income and 40% high income. Interestingly, after 21 years, 58% of the families who were on low incomes at the start of the study were still in the low income category in 2011.

When the researchers renewed contact with the group last year, the researchers found that most were studying and/or working, while some were juggling three activities: studying, working and looking for more or new work. Others were not in the workforce because of childcare or illness, with 19% reporting recent mental health problems, mostly anxiety or depression. Almost three quarters were living with their parents, for convenience, comfort and financial reasons.

Lead author of the report, Janet Taylor, Senior Researcher, Research and Policy Centre, finds that the young people are strongly motivated to find a decent job: "Most of the young people in our study see full-time work as their aim and they understand that you need to get a good education to get a good job. Some were going through many years of education with the aim of working at the other end of it, as well as working part-time as they were doing it. So there is a lot of motivation," she said.

However, Taylor and her colleagues found that some of the young people being monitored were finding it difficult to manage studying and working. Taylor quoted this statement of one of the study participants: "It's difficult to find consistent work throughout the year, casual employment is unstable, shifts get cancelled and you get sent home if it's quiet. It can be tricky to earn enough money when you don't have flexibility available due to your study [commitments]."

Some young people struggled to earn enough to live, "having study requirements, having to make enough money to keep body and soul together, having to make enough money to be able to afford the car or the parking fees or the public transport to get to university or TAFE. Some of the young

people said that there were times when they didn't have enough money to travel to class, so they'd miss classes."

"For some it was a matter of whether they had enough money so they could keep a car going or pay for some parking there [at university or TAFE]; and for some it was the public transport costs. Or the issue was the length of the travel to class: how many hours they could spend travelling and still have time to do their part-time work and their study. There were a lot of pressures."

In the group being tracked, Taylor found the TAFE students generally were the poorest. "In our study it was the people from the low and middle income families, not the high income families, who tended to be TAFE students.

"We asked all the young people whether they got financial support from their parents and the TAFE students were the group least likely to get financial support from their parents. They are a group that doesn't have a lot of resources and we certainly think that TAFE courses for young people on low incomes should be really, really affordable. We think it's crucial."

"They haven't got the money, they haven't got the support from home, they haven't got the family resources to fall back on, and TAFE provides this wide range of opportunities for young people who hadn't done well enough in their Year 12 to get to university. A number of them then went to TAFE and then could move onto university. For some of them, TAFE gave them the qualifications they needed to move on.

"TAFE was a very important access point for moving on for a number of young people in our study. Their access to TAFE was a really important part in their transition from school to their adult life."

Taylor and her colleagues were concerned by the new regulations that prevent people from undertaking subsidised training at the same level they studied previously. "In Victoria, you have to pay full fees if you're doing a course that's at an equivalent level to one that you already have undertaken, and that seems inappropriately limiting for young people who are trying to find their way in this uncertain labour market."

"If they've undertaken a Certificate in something and found either there are no jobs or that it doesn't suit them, if they want to do something equivalent in another field, they have to pay full fees. That seems totally inappropriate when young people are trying to work out their pathways and in an economy that is changing all the time, as are the availability of jobs. Flexibility [of regulations] seems very important in that area."

Another finding by Taylor and her team was that young people were often given poor career and study advice by Centrelink and job agencies, and this made it important for TAFEs to provide this support well. "It's very important that TAFE should be as low cost as possible for young people who are on low incomes and from low income families. The costs are a crucial thing. And TAFEs should be resourced to provide very good support services and information about career opportunities."

Not surprisingly, the report recommended, as a priority, "the continued funding of high quality public TAFEs, including skilled student counselling services". It also recommended that TAFE "fees and other costs should be reduced for students from low-income backgrounds".

*See the report at*

[http://www.bsl.org.au/pdfs/TaylorBorlagdanAllan\\_Turning\\_21\\_life\\_chances\\_2012.pdf](http://www.bsl.org.au/pdfs/TaylorBorlagdanAllan_Turning_21_life_chances_2012.pdf)

## **Attachment 2. TAFE NSW will be synonymous with jobs, innovation and quality**

John Mitchell's 'Inside VET' column in *Campus Review*, 29 October 2012

*TAFE NSW Managing Director, Pam Christie, answers questions from John Mitchell about the NSW Government's recent reforms, Smart and Skilled*

What is the significance of the Government's decision to create the role of Managing Director TAFE?

This is an important milestone in our history as it is the first time since 1997 that TAFE NSW has had its own Managing Director. The separation of the role of Managing Director will make responsibilities clearer and make it easier for TAFE to have its voice heard. It also recognises the important role TAFE NSW plays as the State's public provider of vocational education and training and it provides greater transparency between the role of the Department of Education and Communities as funder and policy maker for the VET sector.

Separating the role also acknowledges TAFE NSW's status as a public sector statutory corporation. The Managing Director of TAFE NSW has statutory responsibility to manage and control the affairs of the TAFE Commission, subject to any direction of the Minister.

What does taking on the new role as MD TAFE mean to you personally?

I am incredibly honoured to have been appointed as Managing Director of TAFE NSW. I am committed to the values of TAFE NSW as a public vocational education and training organisation and proud of its great staff and our achievements. It is a critical time for TAFE NSW as we move into a new and more competitive training environment and I am excited about leading the organisation through this period of change. I am determined that TAFE NSW will remain forward looking and continue to change and evolve, in line with the needs of industry and the economy.

On a personal level, my father was a great inspiration to me in his role as Managing Director of the Commonwealth Bank during a period of significant change for the banking sector. He taught me a lot about the importance of humility in a leadership role. I like to think if he was still around today he would be proud of my appointment.

As MD, what will be your top 2-3 challenges in the next few years?

Firstly making sure that the role of TAFE NSW in supporting the economy and changing people's lives is understood and valued by Government, industry and the wider community. This includes stakeholders understanding the role TAFE plays across a diverse range of industries and communities and its capability in increasing workforce productivity and participation.

Further, as TAFE NSW faces greater competition, remaining customer focused will be critical for our future success. We need to make sure all our systems and business processes are adding value and put the customer at the centre, so that TAFE NSW remains the training provider of choice for employers and individuals. Keeping a focus on TAFE reforms will also be a high priority. Our Institutes need the flexibility and responsiveness to remain competitive and sustainable businesses.

I will also work closely with the Chair of the NSW TAFE Commission Board, Margy Osmond, consulting with key industry and community stakeholders, to determine the effectiveness of TAFE in meeting Government's expectations.

How will the MD role enable you to champion the interests of TAFE NSW in the face of competition from private providers?

The Minister for Education will issue a Statement which explicitly states the Government's expectations of TAFE NSW to ensure our provision is aligned to Government priorities. This will help me as Managing Director communicate how TAFE NSW is adding value to the NSW economy. It will also help me to demonstrate the important role TAFE plays as the State's public provider, which is complemented by the role of private providers in the training market.

Students will have greater choice of provider under student entitlement arrangements to be introduced from 2014. I am determined that in this environment, TAFE NSW will set the benchmark for quality in the delivery of vocational education and training.

Looking ahead a few years, what will be some features of a 'transformed' TAFE NSW?

By late 2014, we will have strengthened our position as Australia's leading vocational training institution. As we focus more on meeting the skill needs of our economy, the TAFE NSW brand will be synonymous with jobs, innovation and quality.

TAFE's ten Institutes will be more entrepreneurially focused and have greater autonomy to manage their business locally. Institutes will have begun to differentiate themselves in the market through increased industry specialisation and partnerships. As a connected organisation, we will also continue to share innovation and best practice to make the most of technological advances in education, building our capability and the value of the TAFE NSW brand.

What are some of TAFE's community service obligations that will be funded by a separate budget?

As the State's public VET provider, TAFE NSW will play an important role in delivering community service obligations (CSOs) to meet Government priorities. While these CSOs are yet to be detailed they are likely to include supporting people facing disadvantage, including Aboriginal people, youth and people with a disability, to assist them to be able to participate in the workforce.

TAFE Institutes will also continue to service rural and regional communities to ensure skill needs are met, as well as providing training in high cost specialist industry skill areas that are critical to our economy. TAFE NSW will also continue to offer foundation skills and second chance education and pathways for people to move successfully from school, to TAFE and to higher education.

How much autonomy will be given to TAFE NSW Institutes?

TAFE NSW Institutes already have significant autonomy in delivering services to their local communities and industries. Institutes will increasingly be given greater autonomy to help them respond rapidly to changing skill needs in their region. They will have greater authority to manage their resources and businesses locally and to tailor training to areas of skill growth and local need.

Institutes will also have authority to invest in industry standard training facilities, establish centres of excellence and prioritise delivery to meet areas of specific industry skill needs and jobs growth.

How "entrepreneurial and commercial" will TAFE Institutes become?

TAFE NSW Institutes are already managing significant commercial operations and have expanded fee for service activities over recent years. Growing commercial revenues, including international and higher education business, will be increasingly important.

A key to Institutes' entrepreneurial success will be through partnerships with enterprises which value add and return benefits to both partner organisations. TAFE NSW staff will also continue to

build entrepreneurial and commercial capability through our partnerships with industry.

What are some types of "joint commercial ventures with enterprises" you envisage?

There is no limit to the type of joint commercial ventures TAFE NSW may develop in the future. The partnership between Western Sydney Institute and seek.com is a great example of a win-win partnership which has significantly grown training opportunities for people seeking employment.

There are also a growing number of exciting TAFE NSW – university partnerships which are delivering new opportunities for people to access higher education. TAFE NSW Higher Education is partnering with CPA Australia, IBSA, Macquarie University, Charles Sturt University, Australian Catholic University and University of New England to deliver a tertiary pathway degree in accounting across ten of our metropolitan and regional campuses.

Northern Sydney Institute is working with Microsoft, CISCO and Apple through innovative partnership approaches to meet the growing need for skills in the ICT industry.

How will TAFE NSW ensure its staff "remain highly skilled, flexible and productive"?

Our staff are our most valuable resource and I am committed to ensuring our staff are supported in meeting our future challenges. TAFE NSW is now the employer of its own workforce under the provisions of the Fair Work Act. TAFE offers generous employment conditions, great career opportunities and a very positive and committed workplace culture.

We are committed to actively supporting our staff's ongoing professional learning. This is what distinguishes the TAFE employer brand. We tangibly invest in the professional development and leadership capability of our staff.

TAFE NSW is currently negotiating a new enterprise agreement for teachers to support greater productivity and flexibility. Modernising our workforce structure through the introduction of a broader range of roles, and a wider range of service models is currently being explored through these negotiations.

What will you look to individual staff to do, to ensure TAFE sets a "benchmark in quality skills training"?

TAFE NSW staff take great pride in setting and maintaining the benchmark of quality for vocational training in NSW. We will continue to employ the best people, make sure they are highly skilled and trained; and continue to help them up skill during their careers.

TAFE NSW staff will be keenly focused on customer service to ensure that every student is satisfied with and completes their training and that graduates are better equipped to gain the job, promotion or other work opportunities they are seeking.

Will TAFE NSW be in a stronger position in three years time than it is now?

TAFE NSW will continue to build on its proud history of responding to the changing skill needs of industry and community. As a statewide organisation, we can take advantage of economies of scale and the benefits of collaboration across and between Institutes. Institutes will also have the advantage of being able to act independently and quickly at the local level, able to offer innovative solutions to increase enterprise productivity.

Barriers in the past between vocational training and higher education will increasingly be broken down, creating more learning pathways to higher level skills and jobs. Stronger partnerships between TAFE and industry will open more doors for TAFE graduates.

I am confident that I will look back and be proud of TAFE NSW's contributions and achievements as a true leader in a more responsive tertiary training environment.

See the Smart and Skilled papers at [https://www.training.nsw.gov.au/vet/skills\\_reform/index.html](https://www.training.nsw.gov.au/vet/skills_reform/index.html)

### **Attachment 3. Queensland leader welcomes reform**

John Mitchell's Inside VET column for *Campus Review*, Vol.22, No.23, November 27 2012

*Kaylene Harth, Institute Director, Metropolitan South Institute of TAFE, responds to the final report of the QLD Skills and Training Taskforce*

What broad opportunities do you see arising from the report's recommendation about the future role and purpose of TAFE QLD?

The taskforce report said that TAFE struggled to clearly articulate what its role should be into the future, yet we see in the final report many of the elements that were proposed by TAFE Queensland.

TAFE Director Australia's submission to the Taskforce put it the most succinctly when it suggested that the role was about quality training, insulating the Queensland economy from skills market failures, being a major contributor to local, state and national innovation and economic efficiency, ensuring reasonable access for all Queenslanders to comprehensive training and education opportunities and providing strong, credible and seamless pathways from one level of training and education to another.

Building on that [role description], it is my view that TAFE Queensland is ready, willing and able to deliver the skills and training that the Queensland economy needs, and the reforms contained within the recommendations of the taskforce report are paramount in delivering a stronger and more productive TAFE Queensland.

If all the report's recommendations are accepted, what new opportunities will arise for MSIT?

MSIT is excited by many of the reforms recommended in the taskforce report. Many of these recommendations are essential to secure the ongoing viability of TAFE in Queensland. The creation of the parent entity [for TAFE QLD] will give greater voice to TAFE Queensland in the boardrooms of the commercial world and will strengthen its bargaining position with the funder. A more collaborative TAFE Queensland will be able to more efficiently and effectively channel resources to better service the needs of our precious industries that create employment and wealth in Queensland

The priority of increased participation is paramount to Queensland's economy and one that TAFE Queensland institutes have embraced, with TAFE over the last 12 months increasing its market share across Queensland. MSIT is already seeing an 8.4% increase in unique student enrolments this financial year.

The proposed reforms present boundless new opportunities and will allow MSIT to further differentiate itself in the marketplace, with increased specialisation and strategic partnerships.

Could you give an example of strategic partnership opportunities you see increasing?

Recently MSIT became a partner in a global education consortium, the Global Education Skills Alliance. This consortium includes members such as the State University of New York (SUNY) and is designed to improve the global engagement opportunities between US and Australian education organisations.

MSIT sees great opportunities to increase its global profile, to access new markets through collaboration, joint economic development and grant applications in America and Asia Pacific, and global exchange opportunities and connections for both staff and students.



If all the report's recommendations are accepted, which ones will you find most challenging?

Many of the recommendations are both exciting and challenging but I think some of the most challenging are those around the financial viability of TAFE Queensland. If the base cost of public provision is not well constructed and calculated, and if there is not adequate funding to support the transition to the new entity, it will be difficult for the institutes to compete in a marketplace characterised by an increased number of providers who can operate under alternative business and delivery models that would require significant investment in TAFE to match.

What about the recommendations on industrial relations?

Should the recommendations on industrial relations reform be accepted, they will enhance TAFE's ability to be innovative, agile, competitive and productive. However, it is critical that we get the balance right between the business needs and the rights and conditions of the workers. The right balance will deliver a sustainable model that will significantly contribute to improvements in productivity and each institute's cost base, create job security and ensure that institutes are able to compete with private providers.

I believe that this is a critical contributor to TAFE's ongoing success in a diverse and competitive marketplace.

What is MSIT doing well at the moment which will not be affected by any of the proposed changes?

The diversification of our revenue streams over the last three years has added strength to MSIT and its market position, locally, nationally and internationally.

Our entry into partnerships with higher education providers like Holmesglen has positioned MSIT as the first TAFE provider in Queensland to deliver bachelor degrees. These programs provide our students with access to a quality training pathway through a single education provider. Students will no longer need to leave the TAFE system in order to obtain a degree.

Partnering with Holmesglen was an easy decision to make because their degrees are unique in that they have been developed in conjunction with industry.

MSIT is extremely proud of the 2011 NCVER outcome survey results that shows it has the highest percentage of graduates enrolling in further training in Australia (33.4 % in comparison to a national average of 32.4%) It also shows that 8.9% of MSIT graduates were studying at university after their training which is nearly 2% higher than the national TAFE average and 2.3% higher than all VET providers across Australia.

What else has MSIT put in place in anticipation of a more competitive environment?

Other partnerships we have forged over the last 12 months or so have also been about creating that point of difference from other providers. A partnership like that with ELS [English Language Services] significantly extends MSIT's international student recruitment network in many countries and will support the growth of international student numbers for years to come.

Also, MSIT was an 'early adopter' in recognising the opportunities presented by the National Broadband Network (NBN) and has been building a strong reputation in supporting business capability for the digital economy. In partnership with local authorities, and through an Australian Government initiative, Digital Enterprise, we are providing mentor support for small businesses.

Another exciting NBN-enabled initiative involves our partnerships with universities, other TAFEs, cutting edge private companies and Diabetes Queensland, where we are developing a three-dimensional, on-line DIABETES interactive learning tools that will be accessible to the entire world.

The report emphasises the need for an informed consumer base. What does MSIT already do well in this regard, and what more could it do?

In the past, it has been left to providers to help the consumer base navigate its way through the complexities and vagaries of the VET system. It's time that there was some shared ownership of this task and the funder and purchaser in the system need to step up and play their part in ensuring the community has a better and more informed understanding of how the VET system works, what they should be able to expect and what they should demand from their provider.

MSIT has always played its part in educating the consumer base and in fact one of the four goals of our Strategic Plan is focused on the customer and a broad range of engagement strategies that ensure the programs we are offering will produce job ready graduates ready to contribute to the productivity of their employer's business.

When coupled with the best mix of learning, facilities and services, this gives our students and our business clients the best opportunity to succeed in their studies. This focus on quality at every level of our business has delivered strong results in the annual satisfaction surveys with 89% of students and 84% of businesses indicating very high satisfaction overall.

How are you using the online medium to provide information for consumers?

We now have a highly optimised website which ranks very well among the most common search engines, as we realise that consumers don't just want to find our homepage but today, in an age of permanent online connections, they expect to find relevant content as quickly as possible.

We have actively focused our efforts on creating opportunities for consumers to engage in conversations with us via social media channels. We want our students past and present to be our greatest advocates for what we are doing at MSIT. This type of [student initiated] information speaks louder to our prospective students than any other form of advertising or information which we could provide for them.

We have found providing students with online avenues to receive the information they require has increased our overall enquiries by more than 20% per year for the past two years.

What positives may arise for MSIT from the recommendation about TAFE delivery options being expanded?

Any commitment [by government] to further investment in this area is one which is very welcome as it provides choice for our students to accommodate their preferred learning style.

MSIT has been for some time focused on expanding its delivery options and the recognition that this recommendation provides is a positive step forward with 85% of our delivery already offered in blended mode. A good example of our investment in on line learning is our partnership with Open Universities Australia (OUA). MSIT is expanding its offering through OUA in 2013 and this provides us with exposure to a much broader potential student base as well as enhancing our reputation in online programs.

What is your vision for where MSIT will be, two years from now?

What makes MSIT special is its staff and their connection to our students. Whether the name of MSIT exists in two years' time is not for me to say, but I do know that the staff of MSIT will still be dedicated to doing what they do best – and that's delivering a quality student learning experience as they have done since the creation of MSIT in 2006 and before that.

The QLD Skills and Training final report is available at  
<http://training.qld.gov.au/resources/industry/pdf/final-report.pdf>

## **Attachment 4. WA TAFE leader thrives on competition**

John Mitchell's 'Inside VET' column in *Campus Review*, 10 Dec 2012

*Liz Harris, Managing Director, Challenger Institute of Technology, believes her award-winning public Institute will succeed in a more contestable VET market.*

(JM) In your recent acceptance speech for the award of National Large Training Provider of the Year, what did you say about the public provider?

(LH) I mentioned the impact that the work of Challenger, and of course so many TAFE Institutes, have on people's lives; that TAFE often completely changes the course of people's lives. It can set them on a positive course for the rest of their lives. People often come to us having been disengaged from the workforce and disengaged from a fulfilling life, and they leave us employed, fulfilled, and often on a very clear career path. I've seen that so many times and I know so many other people in the system have too.

I made that point at the national awards ceremony because I wanted to be clear about the important social and economic impact of the work of the TAFE system. I also mentioned that Challenger is part of a great TAFE network across the country and that we're proud to be part of a network that works in so many diverse ways, in communities, in industries and internationally, and has an enormous impact. I felt that with almost every vocational education minister at the award ceremony, it was important to say that about TAFE.

Do WA public providers like Challenger participate in a contestable VET market, or are you sheltered from it?

While the entitlement model will be introduced in 2014, we're in an interesting situation because already over 70% of the state funding in Western Australia is contestable. So we aren't sheltered from a contestable market. The TAFE system, the public providers, still deliver most of that training and it'll be interesting to see whether there's a shift in market share with the 2014 entitlement model coming in

It will probably go from 70% to close to 100% being contestable in 2014, but we're used to tendering, we're used to bidding, we're used to being in a very competitive environment and so no, we're certainly not sheltered from it. I do think that lessons have been learnt from the implementation of contestable funding in other areas of Australia, obviously in Victoria, and there will need to be some kind of a commitment to the public provider in WA, though we're waiting to see what that is. The WA government hasn't confirmed what model it's going to use.

Currently, what percentage of your overall income is from commercial activities?

Between 35% to 40% of our income is from commercial activities and that includes our international on-shore and international off-shore contracts, our contracts with large global companies, our contracts with local companies, and small amounts of revenue from our shopfront activities, such as our beauty salons and our cafes.

In the future what percentage of your overall income will come from commercial activities?

I'd like to see us move to 50% and the reason for that is because we are able to reinvest it. If we're generating good amounts of commercial revenue, we reinvest it: we reinvest it in staff development, we reinvest it in infrastructure and equipment; we reinvest it all the time in new initiatives and programs for staff, like our innovation programs. It really is very important that we have that funding to reinvest.

If you're dependent on state government funding you really are subject to the vagaries and contractions of funding, so it's very important to create a strong commercial revenue stream to ensure that you're protected from some of those movements.

What special strategies do you use to win and maintain your commercial contracts?

One of the most important strategies is relationship building; not only relationship building but also maintaining and sustaining strong relationships over long periods of time. That is critical. As with most things, it is about the relationships that you generate and foster.

A culture of enterprise is extremely important within the staff, and we have worked hard over the past five years or so to build this. The work that we've done with the four paradigm model, the impact model and now the capability analysis tools are all part of that journey towards developing a strong culture of enterprise within the organisation where staff are encouraged to look for strategic partnerships and business opportunities for the institute. It is also important that staff understand that they need to have the client at the centre of everything that they do, and that staff are open to learning more as they work with different companies and organisations and communities.

The staff have to be flexible in this environment, particularly in Western Australia where we're dealing with large global companies – Shell, BHP, Woodside, Apache, Chevron – who are able to go anywhere in the world for their training. Because those companies can afford to do that, if we're not flexible, if we're not responsive, if we're not right at the centre of what they're doing, then they will go elsewhere.

How do you ensure your partnerships with corporate clients remain healthy?

We engage in ongoing communication, strong communication, frequent communication, visiting workplaces regularly, working inside workplaces when companies need us to, ensuring that our key partners are around the table through our industry advisory groups, and most importantly listening. Listening and responding is essential to that relationship.

In working with clients, we also need to be prepared to learn from each other, so we can be joint partners and take an integrated approach to running a program. We say to clients, how can we work with you to create the best solution for what you need?

While some TAFE campuses in other states are being sold, I understand you have made a significant investment in a new nursing facility? What led to that decision?

It was about looking at our environment and responding to what is needed in terms of skill shortages. The new nursing facility at our Murdoch campus was funded from our commercial revenue that we reinvested back into the college. In Western Australia there is a shortage of nurses, and so it was an obvious thing to do.

Murdoch health campus area is a major health precinct for Western Australia: it will be the largest health precinct in Western Australia, where we will have both private and public hospitals, and we have a campus adjacent to that massive development.

We have a very strong relationship with the hospitals: we conduct the only diploma in nursing in Australia that's delivered completely onsite, inside a hospital. And we have state of the art technology in the new facility. We also have strong relationships in the health sector, for example with the delivery of our diploma of nursing inside St John of God Hospital.

Given your success in the commercial training area, have you sacrificed your non-commercial programs?

No. I don't believe we've sacrificed the non-commercial programs at all. In fact, over the past four years we've grown about 40% in those non-commercial areas. They're a very important part of our work and I think a modern TAFE college now has to be all of those things: we have to have a strong commercial focus, we have to have a very strong community focus and a focus on individuals, as well as an international focus, because we're a global organisation.

In our region, in Kwinana and Rockingham, we have one of the highest rates of youth unemployment in the state. There is 28% youth unemployment in Kwinana, while the overall state unemployment figure is around 4%. That's an enormously high youth unemployment figure so one of the programs that we recently won a Premier's Award for was in fact what we call a 'Weld to Life Program' where we work with the police and BHP, as a sponsor, in re-engaging some of those disengaged youth in those regions. This area is one of Australia's top 10 hotspots of youth unemployment and so it's very important for us that we stay focused on this community provision as well.

Do you envisage maintaining your range of programs in the areas of access and participation?

Yes, and we compete for many of those contracts too. We run many access programs such as a program for young mothers, new opportunities for women, and Aboriginal programs in organisations and in the community, and all those programs are very much a part of the Challenger story.

How do you explain to staff and community the rationale for offering such diverse programs, when private providers usually offer a narrow range?

Diversity has been part of our success. It ignites interest and enthusiasm in our staff because they have the ability to work across so many different programs. At Challenger, you can have somebody who is delivering a program in Abu Dhabi who might also be working on an Aboriginal re-engagement program, and who might also be working inside BHP. Those diverse opportunities encourage our staff to be flexible and to engage in different ways with different parts of our business.

Is there anything else you'd like to say about Challenger's future prospects?

We have a great team of staff who are enterprising, committed, enthusiastic, passionate and continue to give of themselves in so many ways, and I think that with this culture at the core of the organisation the future is going to be very positive for us, because organisational will and culture is the foundation and bedrock you continue to build upon.

See [www.challenger.wa.edu.au](http://www.challenger.wa.edu.au)

## **Attachment 5. Funding cuts hurt the disengaged**

John Mitchell's 'Inside VET' column in *Campus Review*, 28 January 2013

*The Brotherhood of St Laurence finds that 'at risk' students entering VET are disadvantaged by funding cuts*

There is an old saying that you can judge a society by how well it looks after the most disadvantaged in its midst. Applying that saying to education today, society might not rate too well, given the new trend of reducing government support for disengaged young people who hover in that space between school and VET.

The reduction in the Victorian government's support for the Victorian Certificate of Applied Learning (VCAL) – a years 11–12 senior secondary school certificate – has received widespread condemnation in that state, and a new report has provided an in-depth analysis about how the reduction in VCAL funding can affect 15-19 year olds in one of these programs that has 50 students.

Toss into the mix a simultaneous reduction in funding for student support services at Victorian TAFE institutes, where many in this VCAL group are meant to head, and this fragile group of young people is even more at risk, says the report's author Dr George Myconos, a senior researcher in the research and policy centre of the Brotherhood of St Laurence (BSL).

The report, 'Re-engagement, training and beyond', is an evaluation of the second year of a community based CAL (CVCAL), a BSL education program conducted at Frankston, on the outskirts of the Melbourne. The evaluation of the program shows that the CVCAL model can have a profoundly positive impact on 'at risk' young people, but the funding cuts to VCAL, VET and TAFE raise fresh concerns.

"One effect of the VET cuts is that there will be fewer RTOs providing much maligned courses such as hospitality, personal training and retail. These are easily disparaged, but they can be the crucial stepping stones back into education and work for the kids we deal with. And, of course, the cuts make it harder for TAFEs to provide the kind of back up support we mentioned [in the report]," said Myconos in an interview with *Campus Review*.

The BSL evaluation focused on the CVCAL program offered in a community setting to young people in Frankston who had disengaged from conventional education and had, in many cases, suffered significant hardship beyond the school setting. Myconos found that "among the students' most pressing needs on entering the program were sustained and effective pastoral support, stability, respect and safety".

He also reported that "the students' needs were complex and did not always become apparent until well after commencement. In responding to problems including excessive drug and alcohol consumption, the staff were stretched to their limits." Unsurprisingly, Myconos emphasised the need for extra and specialist support for this group: "Effective and specialist wellbeing assistance, within a supportive, non-judgemental setting, is essential to meeting such needs."

A core part of the CVCAL program is to help participants find pathways into vocational education and training, but this was far from straightforward for the Frankston cohort. "Vocational education and training (VET) posed significant challenges, particularly for the younger students. They had difficulty

adjusting to VET's emphasis on self-reliance within a trainer-centred learning context, removed from the BSL setting."

Myconos found that "a lot of the kids that we deal with are working from a fairly low base in terms of confidence and motivation" and don't have the skills to make a phone call to a training provider or make a decision about which course to enrol in or which career to pursue. "There is indecision, they make u-turns, which means that the overall support [needed from CVCAL staff] is that much more onerous."

"The students' lack of readiness for VET and some training providers' inability to adequately cater for the young people's needs meant that staff engaged in time-consuming consultations with students to find the most suitable and realistic training options."

Myconos pointed out that the group of students in the Frankston program have special needs, which his organisation can cater for but which training providers are not always able to consider: "The young people have a really tenuous link to education, having just re-engaged. Some of them haven't been to school for two or three years, given anxiety, depression, suffering violence at home, drug dependency, the whole box and dice.

"They enter a re-engagement program like ours, but that means there are two learning environments running concurrently. There's the classroom-based learning in a re-engagement program like ours – it's a low student teacher ratios, very non-adversarial wrap-around service, student led, very secure and intimate environment, trained secondary teachers and a very flexible curriculum.

"You've got that happening in one setting, but for one or two days a week they switch to a very different VET environment where they, or the programs they're in, may pay for a private RTO that has almost diametrically opposed features. You could have high student/teacher ratios and the VET trainers can often be unaccustomed to dealing with 15 to 19 year olds let alone those with real issues, and so the list goes on. It can be a very intimidating setting."

While TAFE institutes traditionally have some support systems available, private RTOs struggle to accommodate the additional needs of this cohort, said Myconos. "The TAFEs have some wellbeing support but we think of the many private RTOs that wouldn't. So these kids are switching, within the same week, from a very supportive environment to one that's quite arms length; and of course the training is much more competency based, and book heavy, which brings questions of literacy into play."

Even TAFE Institutes with extra support services – now under attack from government cutbacks – are not an ideal setting for these young people. "There is the intimidating setting of a larger TAFE campus, a more crowded campus, mixed age groups and the like. I remember one kid saying that if only we could have sort of smaller spaces in bigger places.

"Those big institutions needn't be alienating and it may be that the more fragmented landscape made up of more of these tiny little re-engagement programs is the answer, or maybe it's not. Maybe it's just making bigger institutions more nimble, more nuanced."

Myconos offered a range of suggestions for better coordination between the CVCAL program and VET providers. "Institutional changes need to happen to try to bring these two sectors – the re-engagement sector, a growing sector, and the VET sector – into line. On an institutional level, the organisations that we've spoken to, the TAFEs and the private providers, they're all sensitive to the



needs of more collaborative case management, better transition support, better information sharing.”

At present, important information is not shared between the parties. “We have kids that we expect to be attending their VET programs when they may not be, and we have kids whom we know are attending but not making any progress, and yet there’s no formal institutionalised systems whereby the one educational organisation is saying to the other one ‘Do you know this happening or this is happening?’

“From the training provider’s point of view, I’m sure they’d like to know whether this 16-year-old boy has had a history of depression or anxiety or low literacy or whether they’ve been homeless in the last week or if a boy’s behaving in a certain way that there might be reasons for it. So there have to be more of those institutional links.”

One of the solutions to the problem is to improve the relationships between the CVCAL and VET institutional staff, so that all parties are aware of the range of difficulties this cohort of young people is dealing with. “When we have these discussions [with training providers] we all seem to come back to this point of relationships: it’s a matter of everyone, trainers, people who enrol people, people who run courses, being attuned to the turbulent times that the kids are going through.”

All stakeholders need to be aware of the world of these young people, said Myconos: “the culture that they’re living in, the insecurity and anxiety that they’re dealing with; and then add another layer to that where you might have these kids also dealing with history of personal problems, familial problems, self problems, violence.”

Myconos asked VET training providers to revise their view of these students. “These 17-18-year-old sitting in the VET training room might seem an adult, and they might be in the city in an adult setting, but they’re living through such turbulent times and may be dealing with so much, so it’s a question of being attuned to that”.

Ultimately Myconos called for educational sectors to work on removing the cultural gaps separating them. “We have hundreds of thousands of 15 to 19-year-olds doing VET, so I don’t think we can think of these sectors – secondary, re-engagement, Catholic and Independent, VET and higher education – as separate sectors. The numbers of kids that in one moment are in a secondary school or re-engagement program and then in another moment they’re in a TAFE or a private RTO is enormous, and I think that we have to get our heads around that overlap.”

There’s so much overlap that if our society is to cater for the most disadvantaged, there needs to ensure there are “more cultural and institutional linkages,” at least between the school, re-engagement and VET sectors.

In his report, Myconos formally recommended that the CVCAL operation “build closer relationships with training organisations—particularly TAFEs—in order to improve enrolment, wellbeing and learning outcomes for CVCAL students undertaking VET subjects. This may build on existing efforts to tailor VET programs specifically for the CVCAL cohort.”

The problem is that Myconos’s evidence-based recommendation will require additional funding, just at that moment in history when his state government has reduced funding for VCAL and TAFE institutes. History can be the judge of our society.

*See the reports at <http://www.bsl.org.au/Research-reports>*

## Attachment 6: Innovation on tap

John Mitchell's 'Inside VET' column in *Campus Review*, Vol.23, Issue 2, February 2013

*Over the last twelve months, the prevailing narrative emanating from some commentators was that TAFE Institutes were tired, unresponsive and in need of a massive overhaul.*

While there will always be aspects of TAFE institutes, like any large organisations, that could be made more efficient and responsive, this prevailing narrative deserves some scrutiny. For instance, what could be said of this public narrative if evidence emerged of extensive innovation in TAFE institutes?

One reason I find the prevailing narrative unconvincing is that I have just finished drafting a publication on innovations at one of the largest TAFE institutes in Australia, TAFE NSW – South Western Sydney Institute (SWSi), where the hardest part of the project for the institute was to decide which innovations to leave out of the nearly 40,000 word publication.

The committee I worked with found it challenging to select the 16 final examples of innovation for me to research and profile in the publication, because over the last few years the institute has documented and tracked 72 innovations. And as the research project unfolded it became apparent that there were even more.

Not only are there many recent innovations in this institute, the innovations are no accident: they are the product of deliberate planning by the institute to be more customer-focused. As Institute Director Peter Roberts said in the Foreword of the publication, innovation at SWSi “is systematic, in the sense of being deliberate, planned and thorough.” He continues:

“As you read through the exemplars in this publication, you will notice in every case the innovation was not a coincidence: it was pursued and achieved. This systematic approach is a clear demonstration of the Institute’s seriousness about being flexible and responsive in serving our students and clients.”

In popular folklore, innovation is associated with light bulbs going on. That is, innovation is seen by some people as being about the initial inspiration and excitement, not the perspiration and stamina required to develop a new service, or product or organisational approach. In folklore, innovation occurs occasionally, is fluky and can’t be managed.

In contrast, reputable literature on innovation shows that innovation can be generated on an ongoing basis, often can be handled in an orderly fashion and certainly can be managed, particularly when an innovation reaches the stage of implementation. Think about the large telephone manufacturers, continually producing new versions of their smart phones. Like the phone companies, SWSi is not only committed to ongoing innovation, it is continually innovating, using a systematic approach.

In an interview at the start of the SWSi publication, Terri Connellan, Associate Institute Director Strategy and Development, reinforced the position taken by Roberts, that innovation is a high priority of the Institute, and aligned herself with the finding in the literature that innovation can be actively pursued and highly valued, not left to chance. Connellan said:

“In an increasingly competitive environment, it is critical that the Institute continues to work on our customer focus and develop creative solutions. That is what we have based our strategic directions on heading towards 2015.

“Our driving principle is that we want to support customers to develop skills, and in developing skills our customers will build community capacity and assist job growth. That’s our key driver.”

The main section of the publication contains six case studies that highlight the impacts of SWSi innovation on industry, clients and individual students. And each of the six case studies contains an interview with a SWSi client that confirms three elements of the SWSi model for innovation: that relationships were built with clients, that value was created and added, and that the innovation process was systematic.

One, relationships were built: the industry clients and SWSi people worked collaboratively over an extended period of time, and the development of goodwill, openness and trust was pivotal to achieving the aims of the client.

Two, value was created and added: the industry clients worked collaboratively with the SWSi people to ensure the service provided by the institute fully met the client’s need.

Three, the process was systematic: the industry clients described how the collaboration with SWSi was focused on the clients’ needs, and that all the steps taken were intended to satisfy these needs.

The first case study profiles the Indigenous Pre-Recruitment Course (IPRC) which provides a pathway for Indigenous candidates seeking to enlist in the Australian Defence Force (ADF). The IPRC is designed for Indigenous men and women who indicate an interest in joining the Australian Army, Navy or Air Force and are identified in the Defence Force recruiting process as requiring development in one or more areas, in order to become competitive for enlistment. In partnership with the Department of Defence, since 2009 TAFE NSW - South Western Sydney Institute (SWSi) has delivered this course not only in South Western Sydney but also in Tasmania and Western Australia.

This innovation contains the three elements listed above. In terms of relationships built, over the last three years, the partnership between the Department of Defence and SWSi has strengthened, with the Institute now offering a national version of the Indigenous Pre-Recruitment Course (IPRC). In terms of value being created and added: the partners in the project have worked together to provide Indigenous young people with a richer learning experience, online learning options, increased mentoring support and access to a Certificate III qualification (formerly a Certificate I). In terms of taking a systematic approach, over a four year period, the partners in the project have been focused, targeted, thorough and persistent in continually improving the program.

The second case study describes how, in 2010, Genting Hong Kong selected SWSi to assist it in delivering hospitality training at its new academy Genting-Star Tourism Academy (GSTA), in Manila, the Philippines. The relationship has deepened since then, following the successful provision of programs. Working together, the two parties have developed flexible, innovative training programs that meet the expectations of Genting Hong Kong, resulting in hundreds of staff undertaking programs that lead to Australian national qualifications which are also internationally recognised.

The third case study describes how, since 2010, SWSi Health and Fitness staff have worked closely with the staff of Carrington Care in south western Sydney to provide innovative work experience for SWSi students while assisting aged care residents to improve their fitness.

The fourth case study describes how Blue Tongue Recruitment and SWSi formed a partnership in 2011, in which SWSi provides intensive training for existing tradespeople requiring a second trade qualification to work in the WA mining industry. The partnership has strengthened, with SWSi conducting five programs for Blue Tongue by late 2012.

The fifth case study describes a joint venture between Telstra Operations and SWSi which aims to recognise and refresh the skills of Telstra's technical workforce around Australia, using the new Integrated Telecommunications Training Package.

The sixth case study describes SWSi developing, delivering and assessing the Diploma of Water Operations for Seqwater staff who are situated at various locations around south eastern Queensland, using a combination of face-to-face workshops and online learning.

Those commentators who label TAFE tired and unresponsive will be uncomfortable with the observation that the six case studies show SWSi very much extending itself, for instance, working in Tasmania with Indigenous youth seeking to enter the Defence Force, working with Genting in Manila to train hospitality workers, working in suburban Sydney with a large aged care provider to increase the skills of fitness graduates while improving the health of residents, working with a recruitment company to prepare tradespeople to work in the WA mining industry, working with Telstra to upskill its workforce around Australia and working with Seqwater to help develop the managers of dams in south eastern Queensland.

In each of the published case studies, the interview with the industry client was given greatest prominence, and all of the interviewees spoke at length about the relationship formed with SWSi, the value created by the partnership and the systematic way the innovation was developed and implemented.

For instance, Katherine Perkins, Organisational Development Co-ordinator, Carrington Care, summarised the relationship with SWSi. Carrington Care provides residential care, independent living and community care and has 310 residents living on site in residential care facilities, and about 450 people living independently on site.

"The relationship was formed out of a mutual need. We formed the partnership to benefit both the TAFE students through work experience and our diversional therapy program. Every Monday and Wednesday SWSi students come to our four residential facilities and provide one-on-one and group fitness and exercise programs to our residents in both low care and high care."

The collaborative initiative has won two national awards, said Perkins:

"We know that it's innovative because no-one else in New South Wales is doing it. It's the first initiative of its kind. We launched it in 2010 as a pilot to see how it would grow; and now it's 2012 and many residents are participating in the program.

"It's going from strength to strength and we've won the national Better Practice Award for Innovation for this program. This award is given by the Aged Care Standards and Accreditation Agency, which is the aged care industry's governing body. We also won the Idea of the Year Award for Innovation through the Aged Care Channel."

SWSi's Roberts said that innovation in the Institute was not only undertaken in a systematic way, it also involved continuous improvement.

"Once the first version of a new approach or new service is developed, the innovation is improved and the experience generates new ideas. We are continually enhancing innovations, refining them, sharpening them and adding creative new elements leading to further innovation."

This documented evidence of ongoing innovation at SWSi indicates that the public narrative about TAFE being unresponsive to industry needs correction. The narrative may be based on myth, ideology or self interest, because the evidence suggests the opposite.

The report SWSi innovate will be available soon at <http://www.swsi.tafensw.edu.au/>

## **Attachment 7. Macro view is needed in analysis**

John Mitchell's 'Inside VET' column in of Campus Review print edition, Vol.23, Issue 3, March 2013

### *Policymakers need to consider how much value TAFEs add to industry*

The Director of a TAFE institute said to me recently that the problem with policy makers in Australia is that they focus solely on the cost of TAFE and not the value it adds. Meanwhile those policy makers are busily taking advice from treasury officials around Australia who prefer to scrutinise the cost per student hour of delivering routine lower-level certificate courses, rather than consider the benefits of customised TAFE training for industry clients. This is the micro view of VET instead of the macro.

Those policy makers and treasury officials will not want to read a new publication I was commissioned to prepare by TAFE Directors Australia (TDA), the body which represents 61 public providers in Australia. TDA commissioned me to interview industry leaders from Australian organisations and then prepare five case studies of TAFE institutes effectively working with industry clients.

Each of the resultant five case studies shows how TAFE training meets one or more of these business and government goals: increased productivity including global competitiveness, flexible workforces, highly qualified staff building careers, skills for the new economy and regional growth.

These demanding goals were identified as the focus of the case studies, following an examination of the priorities of the Council of Australian Governments (COAG) in relation to workforce development. Most of these priority topics were reiterated in a statement by the Prime Minister in early 2012 in which she called for the VET sector to deliver "a better qualified and flexible workforce" that will "help to lift productivity and competitiveness".

These challenging foci for the various TDA case studies were deliberately selected in order to provide evidence that TAFE institutes not only meet and exceed industry expectations but also meet important government policy goals. TDA invited me to independently select the five case studies, but asked me to ensure they were examples of leading practice and covered five different industries and five different states or territories.

I make the point near the start of the TDA publication that this new set of five TDA case studies adds to the existing body of over 75 case studies I have prepared since 2007, for ten other publications. Those earlier case studies profile the positive views about TAFE of representatives from Telstra, Optus, Qantas, Cochlear, BHP Billiton, BlueScope Steel, Sydney Water, Housing NSW, EnergyAustralia, Royal Australian Air Force, AirServices Australia, Ramsay Healthcare Group, Royal Perth Hospital and St John of God Health Care.

The published case studies describe TAFE working with companies overseas, from Qatar to Bangladesh and the Philippines, and with regional organisations such as Bega Cheese, Hyne Timber, Country Energy, Northparkes Mines and NSW Rural Fire Service. The case studies also describe TAFE assisting manufacturing companies, automotive servicing companies, plant nurseries, supermarket chains, IT companies, disability organisations, Aboriginal organisations, local governments, aged care homes, children's services organisations and area health services.

In all case studies, representatives of the companies were interviewed, the interviews were digitally recorded and the interviewees validated the accuracy of the published interview. Hence the five case studies set out in the new TDA publication now take to 80 the number of companies, from BHP Billiton through to small and medium businesses, who have publicly attested to the value delivered to their companies by TAFE.

In all those case studies, none of the industry interviewees mentioned low cost delivery as a priority goal. Some of them said they appreciated TAFE's competitive pricing, but they all focused on the value TAFE brought to their businesses and were able to elaborate in detail about the value they sought and obtained from TAFE.

Flexibility is valued most

In the TDA case studies I asked the industry interviewees what they most valued about TAFE. Flexibility was the word used by four of the five key industry interviewees, and the fifth interviewee chose a related term, "innovative". In explaining what they meant by flexibility, all of the industry interviewees noted that TAFE understands their industry and their company, and used this knowledge to design and deliver relevant services.

In the first case study, Redarc Electronic's Production Manager Shane Wreford said of their partner, TAFE SA Adelaide South Institute: "One of the things TAFE offers is flexibility: the training is scheduled to suit our business needs, and so the stand out feature for me is their flexibility." CEO Anthony Kittel added: "It's customised to what Shane needs on the shop floor, it's customised to our operations, the timing is flexible. Most importantly, it's training on the job."

In the second case study, Toyota Motor Corporation Australia's Bruce Chellingworth said of their TAFE partner in Queensland, SkillsTech Australia: "What we get from them is flexibility in the geographic location of the training; and we also get flexibility in content. They are accessible to us as their partners and they listen to our feedback about what we need in the training. The best practice is simply the working relationship; how we work together."

In the third case study, Apache Energy's Stewart Allan in Perth didn't use the word flexibility, but implied it. In response to the question, What is best practice about Challenger Institute of Technology's work with Apache?, he said: "I'd sum it up as innovative. And we look at problems together; we work closely together....The training that is required in an offshore facility and the resources industry needs to be understood, and that's what Challenger gives me."

In the fourth case study, Council of Textile and Fashion Industries CEO Jo-Ann Kellock in Melbourne said that Kangan Institute staff "are definitely flexible and that's to their credit...Kangan has given us flexibility: they're accessible, the training is tailored to the needs of industry, and their people are well qualified and/or very willing to learn."

In the final case study from Albury, Murrumbidgee Local Health District (MLHD) CEO Susan Weisser, complemented TAFE NSW Riverina Institute's "flexibility and their willingness to work with us around what we need." Riverina TAFE is willing to work with her organisation to make sure that "the projects and things that they work on are actually tailored to and linked to our organisation and give us benefits in terms of quality and improvement projects."

All five industry interviewees indicated that flexibility is the result of TAFE taking a customer-centric approach and being willing to develop an in-depth knowledge of the client's needs, collaborate strategically and continually review training products and services to suit the client.

In the Riverina case study, MLHD CEO Susan Weisser articulated a suite of attributes about TAFE NSW - Riverina Institute. She indicated that TAFE is innovative and willing to customise, able to monitor, review and modify services offered, provide a network of campuses and experienced trainers, is a collaborative and strategic partner that will be around for the long-term, and assists her organisation's goal of 'growing our own workforce locally'. Also, TAFE staff are good listeners who understand the client's industry, and are locally based, not fly-in-fly-out.

#### Reinventing service delivery

While all the case studies industry clients use the term 'flexibility' to sum up TAFE institutes' attributes and to explain their impacts on industry, the summary term flexibility may not capture in full the ability of TAFE institutes to meet the needs of the customer.

A careful reading of the case studies in this publication shows that flexibility by TAFE institutes involves them reinventing their service delivery to create more value for their customers, demonstrating contemporary business approaches described by Ramdas, Teisberg and Tucker in the December 2012 issue of Harvard Business Review. The term flexibility is shorthand for TAFE institutes reinventing their service delivery.

Redefining service delivery is uncommon, making these TDA case studies all the more significant, as Ramdas and colleagues note that companies that "radically redefine the delivery of a service are relatively rare", because it requires deep insight into clients' needs.

Ramdas and colleagues spent four years studying innovations in health care and finance, two sectors that have substantially redefined or reinvented service delivery. This research enabled them to identify four dimensions on which service organisations can focus, to improve service provision. First, service organisations change the conventional way of interacting with clients. Second, they allocate specialist tasks to its staff. Third, they integrate complementary services. And fourth, they change the delivery location.

For instance, case study number 4 shows that Kangan Institute has worked on all four dimensions, in creating the the Textile and Fashion Hub with the TFIA in a warehouse in Melbourne. It has changed the conventional way of interacting with clients (dimension 1), by making learning materials available online to all clients of the Hub, regardless of whether the clients wanted to undertake a conventional accredited training program. It has integrated complementary services (dimension 2) including the provision of hands-on learning and advising textile workers about how new technologies can be used for niche tasks. The institute is helping to create a shared learning space and community of learners, not just delivering skills sets or full qualifications.

Kangan has also allocated specialist tasks to its staff (dimension 3) based on their specialist knowledge and interests, their commitment to the Hub environment and their willingness to learn new skills. And Kangan has changed the delivery location (dimension 4) not only from the institute to The Hub, but also the staff continually deliver learning resources direct to the office or home computer of the Hub clients, using digital learning techniques.

The TDA publication describes how all five TAFE institutes in the case studies are not only focusing on these dimensions, but also modelling them. But do policy makers and treasury officials know about or appreciate the value industry places on such responsiveness by TAFE?

*See the report Reinventing Service Delivery at [www.tda.edu.au](http://www.tda.edu.au)*