

Committee Secretary
House of Representatives Standing Committee on
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The North Coast TAFE Institute Council welcomes the opportunity to provide a submission to the House of Representatives *Inquiry into Australia's Technical and Further Education System and its Operation*.

The Council is an independent advisory body for TAFE services in the North Coast region of NSW. It advises the North Coast TAFE Executive and management team on ways to deliver TAFE programs and services aligned with both current and emerging skill needs of our regional industries, communities, disadvantaged groups and other education sectors and stakeholders.

The Council comprises 13 industry and community members from the region and the Institute Director as an ex-officio member. Members are appointed by the NSW Minister for Education and Training and Cabinet on the recommendation of the Institute.

Given the Council's role and functions, our input is informed largely by our connections in our regional, community and industry constituencies. It is also shaped by our view that, in the VET market reform process, inadequate recognition has been given to the unique and vital role that the public provider, TAFE, has in education, training and economic and community development in rural and regional areas, and for low SES and disadvantaged groups.

Therefore we recommend that the input we provide in following points be taken into account in formulating the Inquiry's report and recommendations:

1. The TAFE sector as Australia's largest, most distributed VET provider network plays a vital role in building workforce and enterprise capability and productivity and is therefore a major contributor to regional, state and national economic sustainability and growth. Research conducted by the Allen Consulting Group in 2006 estimated that every dollar invested in TAFE NSW generates benefits worth \$6.40 and, over 20 years, TAFE NSW would contribute \$196 billion to the State economy.
2. TAFE's unique and critical role in productivity and workforce development was highlighted recently in the *National Workforce Development Strategy (2011)* in which the Australian Workforce and Productivity Agency (AWPA) describes TAFE institutes as "*the bedrock of the*

national VET system, offering vital programs in industry areas and geographical locations that other providers would find problematic”.

3. While noting TAFE’s challenges in moving to a demand-based funding system (in which industry skills needs are the key driver), AWPA notes that “many individual institutes have coped well with these new challenges (and) AWPA supports those authorities that have recognised TAFE’s distinctive role and position in the national VET system and have funded it appropriately.
4. Any policy and funding reform in VET and tertiary education also needs to recognise TAFE’s broader role in providing a strong, stable and connected network of quality post-school education provision across Australia that includes a wide range of VET, pre-vocational, foundation skills, second -chance general education, tertiary education and community capacity building programs and pathways. TAFE institutes and State TAFE systems have a legislative mission that uniquely positions them to progress further many COAG objectives – not only in workforce and industry productivity – but also in achieving nationally agreed targets for attainment of Cert III and above VET qualifications; Green Skills training; and, for bachelor degrees, through university partnerships and pathways (see points 7 and 8). Retention of adequate State core recurrent grants for TAFE institutes to deliver on this broad mission must be a key element in any national VET reform agreements.
5. Like universities – and in contrast to private and non-profit RTOs – TAFE Institutes are accountable to Government and the public for their social and community mission through, for example, compacts and performance agreements, State plans, annual reports to parliaments, COAG/State targets and the scrutiny of independent, representative governing bodies or ministerial advisory bodies, such as this Institute Council.
6. Also, like public universities, TAFE institutes are not merely providers of Government-subsidised courses. They are well-recognised and respected for their regional engagement and contribution, their broad scope and capability, and their vital role in aiding regional skills development, business innovation and productivity and community capacity building, especially in rural, regional disadvantaged communities. TAFE institutes also offer a range of fee-paying courses for students and user pays services for industry, such as skills audits and staff training consultancy and delivery.
7. The Bradley Review successfully focussed national attention on needs for targeted strategies to improve higher education access and attainment for low SES, rural and regional students. That Review and broad commentary during the roll-out of policy and funding responses, highlighted TAFE to university pathways and partnerships as vital in efforts towards COAG’s higher education targets. This role for TAFE is especially critical in rural, regional and low SES areas where there is much growth capacity for higher education yet where the physical proximity of universities is limited or non-existent.
8. In what the Bradley Review noted is a converging tertiary sector, TAFE’s capability could be leveraged through Commonwealth supported higher education places for TAFE students studying TAFE degrees in skill shortage areas, or when enrolled in AQF level 5 and 6 VET programs within a designated integrated university pathway program. Allocating higher education funds in this way could simultaneously support COAG’s higher level VET and higher education targets and maintain the principle of quarantining Federal higher education funding for public providers.

9. There is an even stronger case to direct VET growth funds to TAFE. For nearly a decade, what little growth funding has been provided has been allocated through short term contestable funding pools accessed by more and more RTOs. This more crowded VET market has seen the emergence of more confusion for customers and concerns about declining quality, especially when some of the more opportunistic RTOs focus on winning market share through unsustainable pricing, incentives and fast-tracking completions rather than assuring quality graduate outcomes.
10. The case for more funding for TAFE is not one against the reality and value of a competitive VET sector, or for a Government-funded system alone. TAFE institutes operate successfully alongside other RTOs in a competitive market for both publicly funded and, increasingly, user-pays VET qualifications for individual and enterprise customers. But TAFE institutes are much more than just RTOs providing a relatively narrow range of inexpensively delivered training package qualifications, as do many of their competitors.
11. TAFE is a national network of comprehensive public educational institutions delivering an integrated set of industry and community focussed services and capabilities that cannot be replicated through a model of outsourcing publicly funded services to a constantly changing, commercially-driven network of shopfront providers as seen, for example, in the job services market.

It is worth reflecting on the breadth of services that TAFE institutes provide including:

- courses across multiple industry and occupational areas, including resource intensive and high cost training areas that the private sector is unable or unwilling to service;
 - a wide range of programs and qualifications from VET for schools, second chance general education and foundation skills and through to technician, paraprofessional and professional levels;
 - many AQF 5 and 6 qualifications that are equivalent to the first year or two of a university degree, and in some cases TAFE institutes provide higher education courses in their own right;
 - a range of student ,careers and equity support services that enhance the learners' experience of VET and their transition to work, further study or community service;
 - cross-sectoral pathway programs and third party access arrangements enabling regional universities to extend their reach into small communities;
 - a range of workplace programs and services that can be stitched together with the services of partner organisations, to provide whole-of enterprise workforce development solutions;
 - soft and hard infrastructure, staffing, stability and critical mass Australia-wide that make an enduring and significant contribution to community economic, social and cultural networks and capacity, including community leadership and facilitating a skills eco-system approach where there is poor enterprise scale. If funding paradigms were aligned to support TAFE's work with partners on social, enterprise and regional outcomes this work would be far less ad hoc.
12. With appropriate planning and re-investment, TAFE institutional pathways could provide counter cyclical training for trades and other areas that are well known to experience periodic

market swings. TAFE campus-based and blended options also provide personalised assistance to learners who need competency-based VET learning integrated with foundation skills for the workplace or for higher education preparation. A well-supported regional TAFE network could respond better to growing regions' needs for new and emerging skills, as well as help rural and regional people to get skilled to assist their move to other regions and industries with better employment prospects.

13. While it may be a challenge for TAFE, we accept there is strong bi-partisan and COAG support for more contestability as a key VET market reform element to achieve growth in participation, and attainment and productivity. However, as COAG's agreement for VET market reform was founded on a mutual expectation of increased State and Commonwealth investment in VET, we recommend closer attention to assuring that all parties bring real growth funding to the reform process, not just redirect funding from TAFE.
14. Our Council has monitored the launch of new VET entitlement models in other states, and notes concerns about the impact on TAFE and whether those reforms support real growth and the quality skill outcomes sought for individuals and industry. It appears reform will be implemented more cautiously and gradually in NSW. However, this needs to be accompanied by extra State investment, to make up for a decade of underinvestment in TAFE and ensure that a robust TAFE network remains an essential part of the reformed market model, especially to service regions.
15. We welcome the Federal Government's recognition in calling this Inquiry that TAFE needs special attention due to its role in servicing the disadvantaged students and high-cost, low-volume training and geographical areas that other providers don't service. However, it will not be in the interests of the nation – or the viability of TAFE institutes, regional campuses and the communities and enterprises they serve – to allow TAFE to become the “residual” provider.
16. Contestable and entitlement arrangements need to factor in the higher costs of TAFE's guarantee of community service. TAFE institutes must also maintain the ability to cross-subsidise between high and low cost delivery, to keep offering a comprehensive range of VET qualifications and, increasingly, tertiary education programs, especially in regional communities where the market is too thin to support extensive choice.
17. It is no longer true that TAFE institutes are more supply-driven than the RTOs that decide what business (qualifications, locations and delivery modes) to enter and exit on the basis of cash flow and profit margins alone. TAFE has become much more demand-driven through stronger regional and industry stakeholder engagement and shifting Institute service planning and delivery to an equal focus on employer and learner needs. These shifts respond to a range of data including the National Environmental scans conducted by each of the Industry Skill Councils and research that Access Economics conducts for TAFE NSW.
18. This core focus on rigour, quality and industry-responsiveness that TAFE has been strengthening should be required of all providers in receipt of public VET funding. We suggest that all RTOs wishing to provide government-subsidised VET places or VET Fee-Help enter into rigorous purpose-based compacts with both Federal and State funders and regulators. This would subject all RTOs to equal public accountability, transparency and quality standards and ensure that Federal, State and regional priorities, rather than commercial objectives, dictate the use of public funding.

19. The Council is keenly aware of the high costs of TAFE services and imperatives for TAFE institutes to find ways to become more efficient – and attract more external revenue – to support their own viability and growth in VET overall. We see the cautious and gradual extension of contestability along the lines we advocate above being among the drivers of this change. Any reforms that leave TAFE as the residual provider of high cost programs will have the opposite effect.
20. Government commitment to maintaining quality and a level playing field is needed for TAFE to survive in contestable markets. To ensure that public funding is directed to quality learning outcomes and completions, we also suggest that all approved providers of government subsidised places and VET fee help are subject to independent assessment/validation and demonstrate evidence of capacity to provide student support services and mentoring.
21. Some RTOs may resist the more rigorous quality, accountability and compliance regime that we advocate. However, TAFE institutes and other quality-focused private and community-based RTOs would see this as an opportunity to raise the bar for entry to this economically and socially important part of the education market and improve the overall reputation of the sector.
22. We have long seen the need to make enrolment in higher level VET qualifications more affordable for individuals and the employers that provide fee support for staff participating in VET. The Commonwealth's offer of an income contingent loan for government-subsidised places in higher level VET programs is welcome.
23. Finally, while supporting Government efforts to grow higher level VET, we see an equal need to fund engagement and success of learners and existing workers in accredited entry level VET. This is important to help more people gain the foundation skills, first VET qualification and confidence that will set them on the path to the higher qualifications. For many people and enterprises in regional areas, TAFE is the local provider they look to for these foundation skills and initial post-school qualifications, as well as for entry level training in new skill areas for those seeking employment, switching careers or to re-skill or multi-skill their workforce to remain competitive.

On behalf of the North Coast TAFE Institute Council, may I express our thanks for the opportunity to provide input to this Federal Government Inquiry on the role and operations of Australia's vitally important TAFE sector. I may be contacted via the Council's Executive Officer on [redacted], if the Inquiry wishes to explore further any of the matters that the Council has raised.

Yours sincerely

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 Chair
 North Coast TAFE Institute Council
 18 April 2013