



Inquiry into the role of the TAFE system and its operation

Submission to House of Representatives Standing Committee on Education and Employment

The Australian Workforce and Productivity Agency (AWPA) is an independent statutory body, providing advice to the Minister for Tertiary Education, Skills, Science and Research on Australia's current, emerging and future workforce skills needs and workforce development needs. AWPA engages directly with industry on workforce development issues, analyses current and emerging skill needs in specific sectors of the economy and advocates for reform and appropriate investment in tertiary education to meet these needs.

AWPA welcomes this timely inquiry into the TAFE system and its operation. The TAFE system includes many significant and well recognised public institutions with a long history of service provision to their communities. TAFE institutions also contribute to social and economic development in regions and communities. However, as jurisdictions move towards a more competitive training market, TAFE providers need to be able to respond to new roles and new challenges. This includes embracing activities beyond training provision, contributing more broadly to workforce development and increasing direct engagement with enterprises. There are many examples of TAFE engaging with industry to provide the skills that are vital to Australia's future economic and social development, but there can be variability in the quality of this effort which needs to be addressed. We encourage the Inquiry to consider how TAFE institutions can best be encouraged to continue to adapt, develop and improve so that they effectively meet the future needs of individuals and enterprises.

The following points are directed to the Inquiry Terms of Reference.

The role played by TAFEs in the development of skills in the Australian economy

In *Future Focus*, AWPA's 2013 National Workforce Development Strategy¹ we note the key role of both the VET and higher education sectors in meeting the nation's demand for the additional skills that will be required to address economic and demographic change and to improve workforce participation and productivity. Our modelling shows that demand for skills will be strong in the years to 2025, with the total demand for qualifications held expected to increase by between 3 and 3.9 per cent on average each year. TAFE, as a major player in the VET sector, will have significant role in supplying the required qualifications.

TAFE's has an important role in the skilled trades where shortages can limit production and deter investment². TAFE's role has been especially important where off-the-job training requires ongoing commitment to specialist facilities and to staff with extensive industry experience.

The role played by TAFEs in the development of opportunities for Australians to improve themselves and increase their life and employment prospects

Many Australians lack the language, literacy and numeracy (LLN) skills to participate in training and work. The 2006 Adult Literacy and Life Skills Survey found that more than four in ten people have literacy and numeracy skills below level 3, the level considered by COAG

¹ AWPA (2013) *Future Focus: 2013 National Workforce Development Strategy* p16

² AWPA (2013) p46, DEEWR (2012), Skill shortages Australia 2012 and DEEWR (2012) *Overview of skill shortages 2007-08 to 2011-12*, AWPA p46

to be the minimum level required by individuals to meet the complex demands of work and life in modern economies.³ People with poor LLN and other core skills are less likely to find a job, or benefit from training that depends on those skills⁴. The majority of LLN training is delivered in the VET sector. Within this context, TAFE and other providers receiving public subsidies teach the greatest number of learners, increasing their opportunity to succeed. This is an important responsibility that requires adequate resourcing and quality provision.

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

The TAFE system has the potential to play a vital role in local communities and to contribute to regional development through productive partnerships with enterprises, employment services providers, community groups and government agencies. Many TAFE colleges are already demonstrating their capacity to provide enterprise responsive training and to support workforce development, but others have been slower to take up this opportunity. A key strategy in enhancing Australia's workforce development is better integration of training with overall business objectives and organisational development within firms. Further improving the capacity of the TAFE system and its networks to engage with business and the community is critical to achieving this important objective.

The extensive public infrastructure and capability of the TAFE system offers a platform for regional economic development. There are many opportunities to expand access to education and training in regional areas through partnerships; with other providers, including the school and higher education sectors, and with industry and the community. This involves the sharing of facilities, equipment and infrastructure, or joint programs and initiatives. This helps to cost-effectively support workforce development and growth in attainment of higher education qualifications, a need that was highlighted in AWPA's *2013 National Workforce Development Strategy*⁵.

The maps below illustrate the reach of TAFE and the potential for broader access to vocational and higher level qualifications and other workforce development programs and services via the TAFE system. For instance, the 61 TAFE providers penetrate regional areas, through over 1000 campuses, to a much greater extent than the 39 university providers across Australia.

³ Skills Australia (2010) *Australian Workforce Futures* p35

⁴ AWPA (2013) *Future Focus: 2013 National Workforce Development Strategy* p83

⁵ Australian Workforce and Productivity Agency, 2013, *Future Focus 2013 National Workforce Development Strategy*

Figure 1: Location of TAFE Providers⁶

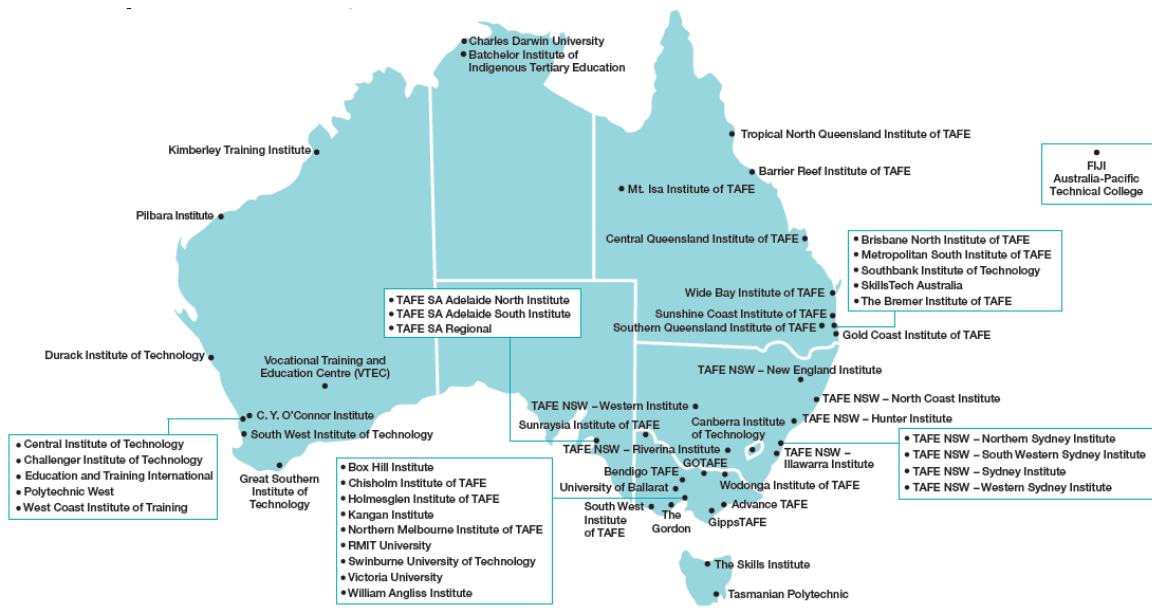
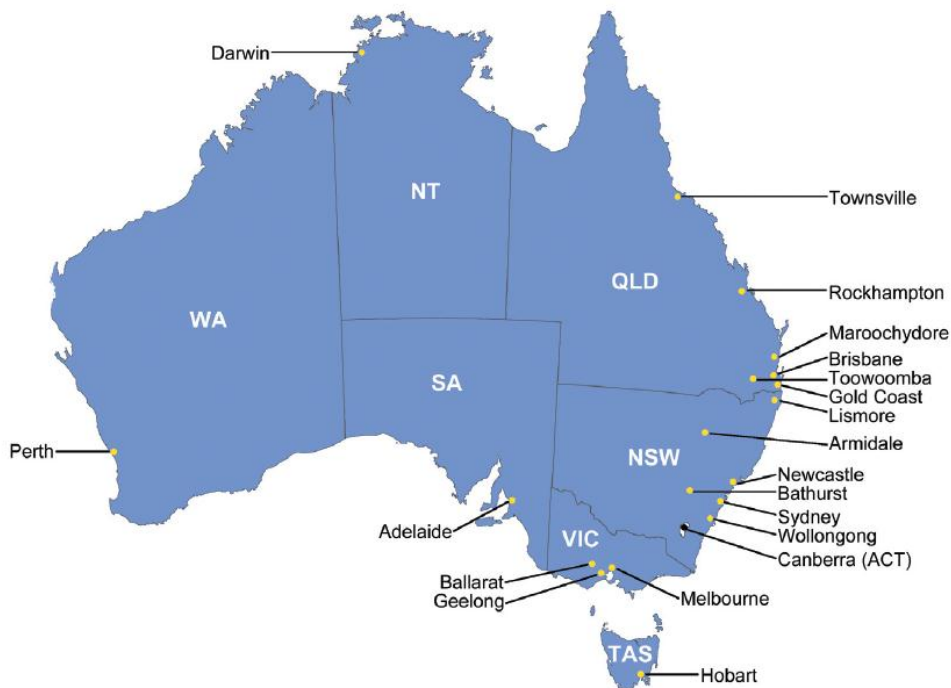


Figure 2: Location of Australian Universities⁷



⁶ TAFE Directors Australia 2012, *2011 Annual report*, TDA, Ultimo, p.31

⁷ Universities Australia 2013, *University profiles*, Universities Australia, Canberra, p.3.

TAFE's reach is broad not only in terms of its geographic footprint, but also in its support for a wide range of learners. Across states and territories, TAFEs cater to some of the most socio-economically disadvantaged communities⁸. For example, approximately 5 per cent of TAFE students are indigenous, (compared to 2.5 per cent of the population is indigenous) approximately 7 per cent have a disability and approximately 17 per cent are from non-English speaking backgrounds⁹. TAFE institutions have a long history of providing vital programs to such groups, and assisting them to find pathways into work and further education.

Meeting the projected expansion in demand for qualifications requires greater participation in tertiary education from disadvantaged sectors of the population. Simply expanding the availability of places in tertiary education is not enough. Additional funding is required to expand training delivery strategies and wraparound services to support people who are disadvantaged to participate in training and employment. TAFEs have long been recognised for the additional services they provide to less advantaged learners from diverse backgrounds and in regional and remote localities. This expertise and commitment needs to be maximised to enable disadvantaged learners to succeed.

The role played by TAFEs in the operation of a competitive training market

We propose that in an environment of increasing contestability, governments should clearly articulate the role of TAFEs. A potential model exists in the position paper on TAFE released by the South Australian Government in 2011 in the lead up to the *Skills for All* reforms. The paper provides an overview of the functions the South Australian Government may require of TAFE SA, namely:

- contributing to the wider policy objectives of the government, including about regional, community and industry development
- setting a high standard of quality for the VET system by virtue of its performance as a public institution
- providing stability to the training system, especially for strategic or critical skills and in key industry sectors
- providing the government with the capacity to ensure that training and community service obligations continue to be met and expanded in regional and remote areas, or thin or non-commercial markets
- contributing to community and regional development requirements, meeting the needs of specified community groups
- offering a community-owned resource, in terms of capability, services, infrastructure and human capital, to local communities and establishing effective links with schools and universities to improve pathways for people moving to, and from, VET and higher education.

AWPA considers it important that public and private funds are used efficiently and to best effect, for instance in improving qualification completion rates. A competitive training market can help drive these efficiencies, but it is vital that quality outcomes for training investment are achieved. This is a key consideration for both TAFE and private RTOs.

⁸ Volkoff, V et al 2008, *Analysis of TAFE provision: Support document*, NCVER

⁹ NCVER 2012, *Australian vocational education and training statistics: Students and courses 2011 - publicly funded training providers (Revised August 2012)*, NCVER

The role played by TAFEs in those jurisdictions in which State Governments have announced funding decisions which may impact on their operation and viability.

To enable the ongoing capability in TAFE institutions to fulfil broader social and community obligations, we propose that state and territory governments will need to maintain a core or base of funding, or develop specific funding frameworks to support the public good role of the TAFE sector.

We suggest, however, that any commitment to core funding to the public provider would need to be complemented by transparent accountabilities and nominated outcomes for community service obligations. It would also need to be accompanied by reforms to enable TAFE institutions to thrive in a more contestable market, in particular more flexible governance arrangements. This may include removing operational constraints around delegation, reporting and budgeting; the ability to use revenue and assets to reinvest in service capability; and importantly the flexibility to engage and remunerate appropriate staff.

TAFE staffing is a key issue. If public providers are to survive and flourish in this increasingly competitive environment, they must have the means to attract, recruit, manage and retain appropriate staff. AWPA considers it imperative that there should be a strong focus on professional development across the VET sector, including TAFE. This is necessary to ensure quality teaching, learning and assessment, industry currency and capacity to work effectively with enterprises. There is also a need to develop management and leadership capability in TAFE to ensure its ongoing efficiency and effectiveness.

Concluding remarks:

TAFE providers play a vital role in skills and workforce development as an integral part of the tertiary education landscape. However TAFE must continue to adapt to new challenges and changing circumstances if it is to fulfil this role to its full potential.