

CHAPTER 2: TAFE AND THE VET SECTOR

2.1 This Chapter provides essential background on TAFE's position in the vocational education and training sector. Many issues which are raised in this Chapter to provide background information are more comprehensively discussed later in this Report. Where a matter is covered more comprehensively elsewhere in the Report a cross reference is provided.

The VET sector

2.2 The vocational education and training (VET) sector in Australia is, if both public and private sector expenditures are included, worth more than \$7 billion per annum.¹ Just over \$3 billion is publicly funded of which the Commonwealth provides about one-third.² In total 1.35 million people enrolled in a publicly funded vocational program in 1996.³ VET is clearly a major area of government activity and expenditure of significant social and economic importance to Australia.

2.3 The presence of such large government involvement, as a regulator, a purchaser and a provider, and the fact that many corporations are their own providers, at least for some of their VET needs, creates an unusual 'market' environment for VET.

*The VET environment differs markedly from genuine markets because of the large elements of subsidisation, effective barriers to entry in some market segments, the imposition of non-market obligations on some players and not on others, the dominant bargaining position of government funders, the existence of regulatory distortion, the lack of an adequate market knowledge base for all customers, the relative insignificance of market signals in investment decisions and the use of non-price competition.*⁴
[TAFE SA]

2.4 Since the early 1990s Commonwealth Governments have encouraged State and Territory Governments to create conditions in the VET sector which more closely resemble a conventional market. The objective has been to use competition as a spur to greater efficiency and improved responsiveness to VET clients. These developments and their effect on TAFE are discussed later in this Chapter.

1 Mr Christopher Robinson, Managing Director, NCVER, *Transcript of Evidence*, p. 118-19.
2 *ibid*, p. 119.
3 NCVER, *Exhibit No. 24*, Table 1b, p. 7.
4 *Submission No. 78*, p. 3.

TAFE's 'market' position

2.5 There are about 2,500 registered training providers of which about 80 are TAFE institutes operating on over 300 campuses around Australia.⁵ These raw numbers conceal the fact that TAFE is overwhelmingly the dominant provider of publicly funded VET. In 1996 TAFE enrolled 82 per cent of the 1.35 million students compared to 18 per cent for community and private providers. TAFE also delivered almost 95 per cent of the hours of training provided.⁶

2.6 With approximately 90 per cent of its publicly funded clients enrolled in vocational programs, the provision of vocational education and training is clearly the major focus of TAFE.⁷ TAFE also earns significant revenues outside the publicly funded system providing consultancy and training services to industry and VET programs to full fee paying overseas students. These revenues have become vitally important to TAFE. For example, in addition to its publicly funded programs, TAFE in Victoria earns about 40 per cent of its revenue from entrepreneurial activity.⁸ The scale of TAFE's fee-for-service activities clearly indicates that the economic importance of TAFE is even greater than its publicly funded programs suggest.

TAFE's performance

The upside

2.7 According to the 1997 NCVER employer satisfaction survey, 76 per cent of employers who employed TAFE graduates said they were satisfied or very satisfied with TAFE. Industry satisfaction with TAFE varies significantly among the States and Territories with Victoria and South Australia recording the highest levels of satisfaction and the Northern Territory the lowest. There is also wide variation among industry groups with satisfaction highest in construction, education and personal and other services and lowest in mining and accommodation, cafes and restaurants.⁹ In general terms, however, industry satisfaction is high.

It is an important point to make, that you often hear from employers or employer bodies some negative remarks about the VET system, but when you talk to the employers who actually employ the graduates, the approval ratings and the satisfaction ratings are very high. They also rate highly the impact that these employees have had on productivity in

5 Mr Christopher Robinson, Managing Director, NCVER, *Transcript of Evidence*, p. 119.

6 *Ibid*, and see NCVER, *Exhibit No.24*, Table 1b, p. 7.

7 NCVER, *Exhibit No.24*, Tables 1a & 1b, pp. 6 & 7.

8 Mr Richard King, Executive Director, Association of TAFE Institutes, *Transcript of Evidence*, p. 185.

9 NCVER, *Exhibit No.23*, pp. 40-42.

*their businesses.*¹⁰ [Mr Christopher Robinson, Managing Director, NCVER]

2.8 The NCVER also conducts a survey of TAFE graduates. The 1997 survey of 1996 graduates found that 71 per cent were employed at 30 May 1997.¹¹ Of the graduates who stated that they undertook their course for vocational reasons, 75.6 per cent reported that the course had wholly or partly helped them to achieve the main objective for doing their course. Of the graduates in employment, 84 per cent reported that the course had wholly or partly helped them to achieve the main objective for doing their course.¹²

2.9 TAFE's role as a provider of 'second chance' educational opportunities is considered more fully in Chapter 3, however, it is relevant to note here that the 1997 survey of TAFE graduates found that overall, 53.6 per cent of graduates employed at 30 May 1997 reported employment related benefits from their course. Most encouraging is that 57.1 per cent of employed graduates who had no post-school qualifications before commencing the course reported employment related benefits, as did 63.1 per cent who were unemployed before the course and 61.6 per cent of those who were not in the labour force prior to undertaking their course.¹³

The downside

2.10 TAFE in some States and Territories will have to work hard to transform its higher reported levels of industry dissatisfaction into satisfaction ratings which match the better performing States. Similarly, the lower reported satisfaction with TAFE reported by some industry sectors, mining and accommodation, cafes and restaurants, in particular, needs to be addressed. It is relevant to note in relation to the mining industry's low satisfaction with TAFE that it is one of the most recent industries to see the introduction of industry based competency standards.¹⁴

2.11 A most extreme example of industry dissatisfaction with TAFE was put to the Committee by the Chamber of Commerce and Industry of Western Australia. In 1996, the Chamber established its own training centre, CCI Training Services, in competition with TAFE. Prior to the implementation of user choice, CCI Training Services was not publicly funded to deliver training.

With the implementation of user choice this year, that has obviously changed, but we found ourselves competitive in a business where we were charging \$6,000 a head to companies to send their apprentices to us, where the same companies could send their apprentices to a TAFE college five kilometres away from our business, and we had a

10 *Transcript of Evidence*, p. 121.

11 NCVER, *Exhibit No.25*, p. 14.

12 *ibid*, p. 27.

13 *ibid*, p. 29.

14 ANTA, *Exhibit No. 35*, p. 37.

*business that was growing.*¹⁵ [Mr Jon Birman, Deputy Director Operations, Chamber of Commerce and Industry of Western Australia]

2.12 Industry has been vocal in its criticism of TAFE but it has also been a major participant in reforms to the system. The major elements to reform of the VET system are discussed below but industry's priority areas are fairly clear.

*People are...quite clearly saying that they want more flexibility, less complexity, more say in what happens and more customisation of the programs towards their particular needs. There is no question there is a great drive for that kind of thing.*¹⁶ [Mr Chris Robinson, Managing Director, NCVER]

2.13 There has been tension between national policy and the structures, such as the national Industry Training Advisory Boards (ITABs) and ANTA, and TAFE's day to day interaction with students and local industry as represented on TAFE institute councils. National priorities have not necessarily meshed well with local requirements.

*[W]e do at times feel like the meat in the sandwich because we get a lot of industry coming to us saying, 'Who designed this course? This is not what we want.' And we say, 'Actually it was designed by the ITABs which have your representatives. Go and speak to them.' Then they will say, 'But we do not believe that they represent us.'*¹⁷ [Ms Ardyce Harris, Vice-President, NSW TAFE Managers' Association]

It is not an isolated view.

*One of the less helpful elements to have emerged in the policy initiatives of the 1990s has been a tendency for central institutions, such as the large business lobby groups, the ACTU and the national [ITABs], funded by ANTA, to claim a dominant role as the voice of industry. It is inherently implausible that these distant bureaucracies would have the grasp of local industry concerns which surface daily in the work of TAFE institutes.*¹⁸ [TAFE SA]

One of the consequences of nationally prescribed curricula and the industry training advisory bodies is that, sometimes, they are dominated by the large- scale employers...In my institute...we had 18 small businesses...They did not believe

15 *Transcript of Evidence*, p. 16.

16 *ibid*, p. 122 and see NCVER, *Exhibit No.23*, Chapter 4, particularly, p. 33.

17 *Transcript of Evidence*, p. 471.

18 *Submission No. 78*, p. 11.

*that the new national curriculum actually suited their apprentices, so TAFE often mediated in discussions between the industry advisory body and the local employers in a given area, because, of course, the employers saw the problem as TAFE's.*¹⁹ [Professor King, Director, Flexible Learning Centre, University of South Australia]

2.14 For graduates, the aspect of TAFE courses which received the lowest satisfactory rating was the information about careers and jobs available to them. Only 35 per cent of graduates rated this aspect of their course as 'good' and 17 per cent rated it 'poor'. Graduates also did not rate the information received when choosing their courses as highly as most other aspects of their course.²⁰ The Committee believes that career and education information, guidance and counselling is an important but neglected issue. It is addressed more fully in Chapter 4.

Reform of the VET sector

2.15 The VET sector and TAFE, in particular, are primarily State and Territory government responsibilities. Each State and Territory is responsible for administering its training system, including TAFE, and setting TAFE fees and determining exemption, concession and loan arrangements for students.²¹ However, this has not prevented Commonwealth Governments from recognising the importance of VET to the social and economic advancement of Australia.

2.16 At least since the Kangan report²² in 1974 the Commonwealth Government has provided capital funding for TAFE and, more recently, has provided significant capital and recurrent funding as a means to encourage State and Territory Governments to expand the VET system, create a national training market and adopt other national policy objectives. The Australian National Training Authority (ANTA) is central to the development and implementation of a national strategy for the VET sector. The destiny of TAFE, as the dominant VET provider, is inextricably linked to the national strategy.

The Australian National Training Authority (ANTA)

2.17 The Australian National Training Authority (ANTA) is a Commonwealth Statutory Authority, in the form of an industry-based Board,

19 *Transcript of Evidence*, p. 140. (emphasis added)

20 NCVER, *Exhibit No.25*, p. 32.

21 Mr Tony Greer, First Assistant Secretary, Vocational Education and Training Division, DEETYA, *Transcript of Evidence*, p. 666.

22 *TAFE in Australia: Report on needs in technical and further education*, Australian Committee on Technical and Further Education (ACOTAFE), Australian Government Publishing Service, April 1974.

established following a Heads of Government agreement to develop an industry focussed, national system of vocational education and training. It became operational in 1994.

2.18 ANTA is supported by offices in Brisbane and Melbourne. Most board members (one is ex-officio) are appointed by a Ministerial Council, comprised of the Commonwealth, State and Territory Ministers responsible for vocational education and training. The Board is responsible for developing advice for the consideration of the Ministerial Council on strategic policy and national objectives and priorities for the VET system. The Council meets two to three times per year to consider and make decisions on recommendations from the Board.

ANTA's role

2.19 When ANTA was established, Ministers agreed that the main aims would be to promote:

- a national vocational education and training system;
- close interaction between industry and vocational education and training providers to ensure that training meets industry's needs;
- an effective training market with public and private providers;
- an efficient and productive network of publicly funded providers that can compete in the training market;
- increased opportunities for individuals and groups who have been disadvantaged in training and employment in the past; and
- improved cross sectoral links between schools, higher education and vocational education and training.

Commonwealth funding for VET is disbursed through ANTA to the States and Territories.

The composition of the ANTA Board

2.20 When the decision to establish ANTA was made in 1992 the industry composition of the Board was deliberately intended to offer an industry view on what was required in vocational education and training. Implied in this approach is that TAFE providers and other State and Territory interests are adequately represented through the Ministers responsible for VET in each jurisdiction which comprise the Ministerial Council to which the ANTA board reports.

When first set up, the rationale for the ANTA board was that it should be small — five members — and that it should not be linked into any of the established interests within the operation of the system so that it could stand back from the system and give the Ministerial Council advice from its perspective on where vocational education and training

*should be going.*²³ [Mr Terry Moran, Chief Executive Officer, ANTA]

2.21 Industry representatives should be well satisfied with this arrangement as it has put them in the driving seat of reform. However, the view has been expressed that providers and students are not well represented in national policy making through the ANTA structure. This is held to be especially so for students who are attending TAFE with a view to obtaining or changing employment.²⁴ Of course, the counter argument is that enterprises are the major client of the VET system.

*They are the ones that compete nationally and internationally and, at the end of the day, create jobs for individuals.*²⁵[ANTA]

2.22 The issue of provider representation on the ANTA Board has arisen before and has been rejected. Recently the ANTA Board was expanded by two members²⁶ to include representation from the training authorities of one large and one small State but it still does not include a provider or student representative. It is the view of the ANTA Chief Executive that educational interests are adequately considered in the wide consultation processes used in the formulation of the Board's advice to the Ministerial Council.²⁷ Some Board members also have some educational experience in addition to their industry capacities.²⁸

2.23 The Committee believes that the industry focused approach to VET reform is the right one and has been well served by the current policy on the composition of the ANTA Board. However, the Committee also believes that it is possible to inject a provider perspective into the ANTA advisory structure by including TAFE representation while retaining an appropriate and necessary industry focus.

2.24 The Committee's proposal is to require one of the existing industry representatives on the ANTA Board to be chosen from serving industry members or presidents of TAFE institute councils, or their nearest equivalent according to the jurisdiction. An additional ANTA Board member should also be chosen from serving directors of TAFE institutes. The institute council and director members would be selected from different States or Territories from each other and from different States or Territories to the recently appointed additional board members from the State training authorities.

23 *Transcript of Evidence*, p. 647.

24 Ms Virginia Batty, Director, Torrens Valley Institute of TAFE, SA, *Transcript of Evidence*, p. 115.

25 *Exhibit No. 31*, p. 7 and see Ms Christine Cookson, Director and Chief Executive Officer, Melbourne Institute of Textiles, *Transcript of Evidence*, pp. 365.

26 The ANTA Board comprises eight members including one ex-officio member.

27 Mr Terry Moran, Chief Executive Officer, ANTA, *Transcript of Evidence*, p. 648.

28 *ibid*, p. 657

2.25 The proposal would only increase the size of the ANTA Board by one member. Although two members could bring TAFE provider perspectives to deliberations one would do so as an industry representative with current TAFE involvement. The dominance of TAFE, as the major provider in the VET sector, and its broader community service role make it the appropriate provider representative on the ANTA Board.

2.26 Recommendation 2.1

The Committee recommends that membership of the ANTA Board be amended so that:

- **one of the current number of Board Members be chosen, in future, from serving industry members or Presidents of TAFE Institute Councils, or their nearest equivalent according to the jurisdiction; and**
- **an additional Board member be chosen as soon as practicable from currently serving Directors of TAFE institutes.**

The TAFE Institute Council and TAFE Director members of the ANTA Board are not to be chosen from the same State or Territory as each other and are to be chosen from different States or Territories from the two State Training Authority members of the ANTA Board.

Elements of reform

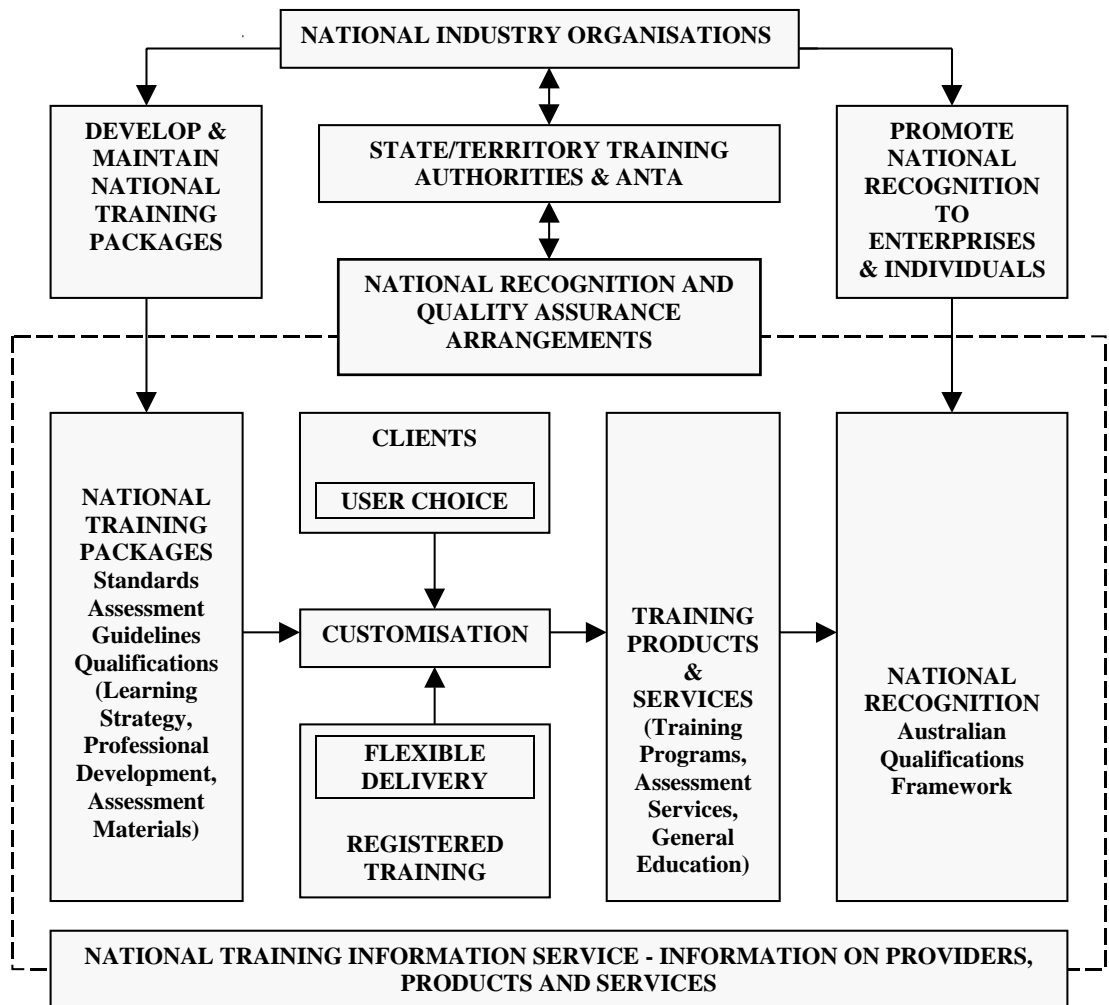
2.27 State, Territory and Commonwealth Governments have expressed their commitment to a national training market through the ANTA agreement. This has already involved the adoption of a number of market based reforms intended to create more choice, responsiveness and flexibility in the provision of programs for clients and greater efficiency.²⁹ Significantly for TAFE, reform has meant the introduction of competition and the dissolution of its former monopoly on recognised VET qualifications.³⁰

The National Training Framework and the Australian Recognition Framework

2.28 The National Training Framework was initiated in 1996. It is the system within which ANTA and the State/Territory Training Authorities oversee the development and delivery of training packages and programs. It also provides a vehicle for the accreditation of training providers, including TAFE. It incorporates the Australian Recognition Framework and National Training Packages and is a significantly simpler regulatory structure than the one it has replaced. The National Training Framework is represented diagrammatically in the figure below.

29 ANTA, *Exhibit 32*, p. 6.

NATIONAL TRAINING FRAMEWORK³¹



2.29 National Training Packages are developed by national industry organisations in consultation with their State and Territory Industry Training Advisory Boards. The competency standards underpinning training packages are now required to be validated with a range of different sized firms in a range of states before they are endorsed by ANTA.³² This should diminish criticism of the industry derived packages that, up until now, has been directed at TAFE. Training packages are available to TAFE and private providers on the same terms.

Training Packages are the platform on which providers can customise their own distinct learning experiences. The aim is to allow providers to develop the most appropriate learning strategy for their clients at the same time tying learning outcomes to national industry competencies,

30 Mr Terry Moran, Chief Executive Officer, ANTA, *Transcript of Evidence*, p. 646.

31 Figure reproduced from Australia's Vocational Education and Training System, Annual National Report 1996, Volume 1, ANTA, 1997, *Exhibit No. 33*, p. 11.

32 Mr Terry Moran, Chief Executive Officer, ANTA, *Transcript of Evidence*, p. 658.

*assessment and qualifications.*³³ [Mr Terry Moran, Chief Executive Officer, ANTA]

2.30 The Australian Recognition Framework (ARF) was implemented on 1 January 1998. Under transitional arrangements all existing registered providers, including TAFE institutes, are deemed to be Registered Training Organisations (RTO) under the Framework. In future, registration will be contingent on providers meeting quality standards and operational protocols which include audit and monitoring arrangements.³⁴ TAFE institutes and private providers will have to meet the same conditions to become or remain Registered Training Organisations.

2.31 The Australian Recognition Framework allows training organisations to develop their own programs to meet particular local or industry needs based on the National Training Packages. A training organisation may also seek registration as a quality endorsed organisation allowing it to accredit its own courses and customised qualifications within the Australian Qualifications Framework.³⁵

2.32 It is the Committee's expectation that many TAFE institutes should have little difficulty meeting the new standards to become quality endorsed organisations. Even as registered organisations, TAFE institutes will be able to take advantage of much greater autonomy to tailor their training programs from the National Training Packages to meet local client needs. The new regulatory arrangements will enhance the capacity of most TAFE institutes to directly address occasional criticism of course content and delivery .

2.33 Another feature of the Australian Recognition Framework which the Committee strongly endorses is the mutual recognition requirements. Each State and Territory government has agreed to the mutual recognition requirements, a significant achievement in the broader national interest. To summarise the arrangements: each State and Territory must recognise each others' registration decisions. Registered Training Organisations therefore need only be registered in one jurisdiction; and, as all registered organisations must recognise each others' qualifications and awards, by extension, so must each State and Territory.³⁶

User choice

2.34 User choice is intended to create market-like conditions in the provision of off-the-job training for New Apprentices. It allows employers and their apprentices/trainees to choose the training organisation which will deliver the off-the-job training program with public funding directed to the training organisation chosen. ANTA needs to guard against training that is too specifically focused on the needs of particular enterprises. User choice was

33 *Exhibit No. 28*, p. 28.

34 ANTA, *Exhibit No. 33*, p. 11.

35 DEETYA, *Exhibit No. 48*, pp. 11 & 15.

36 *ibid*, pp. 5-7.

implemented in all States and Territories, except NSW,³⁷ on 1 January 1998 for trainees and apprentices registering after that date.³⁸

2.35 User choice does not create a price market but it does introduce elements of competition among training organisations, principally on the quality, delivery and relevance of the training being offered.

*Employers and apprentices/trainees will also be able to negotiate with registered training organisations on specific aspects of training within the requirements of the selected Training Package, such as, training content, timing, and mode of delivery.*³⁹ [ANTA]

2.36 In 'thin markets', such as in regional areas or in highly specialised training where the choice of provider may be limited or non-existent, apprentices/trainees and their employers will still be able to negotiate elements of the training program with the training organisation as new Training Packages become available.⁴⁰ User choice is also an advantage to some trainees and apprentices in border regions who are now able to access training interstate in preference to a more distant provider within their own State that they would have had to use previously.⁴¹

TAFE and competition

2.37 Competitive tendering for publicly funded VET was introduced in 1995 when \$21 million of Commonwealth growth funding provided through ANTA and some State funds were allocated by competitive tender to public and private providers.⁴² The successful bidders are required to meet criteria specified in the invitation to tender on cost, quality service standards and outcomes.⁴³ The value of publicly funded VET allocated on a competitive basis was estimated to be \$153 million in 1997⁴⁴, up from \$108 million in 1996.⁴⁵ An expected \$198 million worth of publicly funded VET is expected to be allocated on a competitive basis during 1998.⁴⁶ These funds are additional to those flowing to the public or private provider of choice under the user choice arrangements for trainees and apprentices described above.

37 NSW has reserved its position on User Choice but will allocate \$60 million through contestable means during 1998. ANTA, *Exhibit No. 33*, p. 13.

38 *ibid.*

39 *ibid.*

40 *ibid.*, p. 12.

41 Mr Barrie Baker, Director, South West Institute of TAFE, Victoria, *Transcript of Evidence*, p. 348.

42 ANTA, Annual National Report 1995: Australia's Vocational Education and Training System — Vol. 1, ANTA 1996, p. 10.

43 *Exhibit No. 31*, p. 7.

44 *Exhibit No. 36*, p. 6.

45 *Exhibit No. 33*, p. 17.

46 *Exhibit No. 36*, p. 13.

2.38 Unfortunately the impact of competitive tendering on TAFE's market share cannot be established because data was not collected on private providers prior to 1996.⁴⁷ While the value of training put to competitive tender rose from 1995 to 1996, TAFE enrolments also increased. However, it is the only period for which comparative data is available.

2.39 However TAFE is growing and is earning significant revenues from its fee-for-service activity. Not one of the TAFE representatives who appeared before the Committee attempted to argue that TAFE should not have to compete against other providers. The concern was more that TAFE should be free to meet the competition head on.

*We need that commercial independence to be able to make the decisions...If we have got to go cap in hand to the shareholder, albeit the government or someone else, and say, 'Can we spend the money?' we have lost it.*⁴⁸

[Mr Richard King, Executive Director, Association of TAFE Institutes]

Is TAFE free to compete?

2.40 The information available over the short period of competitive tendering for public funding suggests that TAFE is expanding despite the growing amount of funding subject to competitive allocation and the growth in the number of private providers. Whether TAFE is advantaged or disadvantaged in the market is perhaps the most contentious issue in reform of the VET sector.

*There has certainly been a lot of commentary about the issue rather than analysis of it. Every player believes that they are at a disadvantage and that the playing field is not level for them. The TAFE people believe that they are not really able to get out there and hack it in the marketplace, that there are a lot of restrictions on what they are allowed to do and not allowed to, including having autonomy over their finances and decision making, and the non-TAFE providers believe that TAFE has an enormous amount of public infrastructure and support at its disposal which they are not able to get access to, or that they are not able to compete with. I suspect, like most of these things, there is a grain of truth in all of that from everyone's perspective.*⁴⁹

[Mr Christopher Robinson, Managing Director, NCVET]

47 NCVET, *Exhibit No. 24*, pp. 6-7.

48 *Transcript of Evidence*, p. 194.

49 *Ibid*, p. 124.

2.41 The situation varies among the States and Territories but several impediments to the competitive position of TAFE institutes have been publicly identified. They include but are not limited to the following:

- many TAFE institutes cannot retain revenue earned from fee-for-service activity;
- governments may require TAFE to subsidise some programs from commercial activities;
- governments set concessional fees but do not necessarily compensate institutes which forfeit revenue meeting this community service obligation;
- governments set fees for mainstream courses which may bear no relation to course costs;
- accountability to Government and Parliament as a public organisation is more onerous than requirements applicable to private providers under corporations law;
- governments require TAFE to operate in higher cost regional and remote areas; and
- political directives may commit TAFE to programs irrespective of costs or demand.⁵⁰

2.42 The issues of financial and administrative autonomy do affect TAFE institutes' capacity to make commercial decisions and to operate competitively in the marketplace. It is the Committee's view that TAFE institutes should be as autonomous as it is possible to be while meeting public accountability requirements and efficiently allocating public resources. Governance and autonomy of TAFE are considered in Chapter 6.

2.43 Some TAFE institutes are keen to enter into new areas of activity, such as operating employment placement services and group training companies. These are complementary to their existing focus on employment based training. Some institutes have done so but in some jurisdictions there are barriers to TAFE undertaking these activities. Private providers are clearly free to offer services which add value to their vocational education and training businesses. The Committee believes that this type of diversification can benefit TAFE and its students and the idea is explored more fully in Chapter 4.

The infrastructure advantage

2.44 It is claimed by some non-TAFE providers that TAFE's custody of around \$6-7 billion of public infrastructure is one of several market advantages enjoyed by TAFE.⁵¹ There is limited information upon which to base definite conclusions about TAFE's competitive position in relation to

50 Schofield, K. Radical Surgery or palliative care? The future of TAFE, *Exhibit No 53*, pp. 4-5; and see TAFE SA, *Submission No. 78*, pp. 7-8.

51 ANTA, *Exhibit No. 31*, pp. 16-17; *Exhibit No. 32*, pp. 14-15.

private providers. Certainly the culture of TAFE links its custody of publicly provided infrastructure with wider community service obligations than might be voluntarily accepted by a private provider.

*It is really true that we have had an infrastructure advantage...But I think there are expectations on public education providers that are not expected of private education providers.*⁵² [Ms Antonia George, Associate Director, Social and Applied Sciences, Kangan Batman Institute of TAFE, Vic.]

*It is a part of the access that TAFE provides. TAFE is described...as one of the most accessible forms of education, and I think that is something that we would say needs to be preserved, also. So the concession for lower socioeconomic groups we accept as part of our educational sector.*⁵³ [Mr Charles Wilkins, President, Victorian Association of Directors of TAFE]

*[I]f you are forced to make a choice between, to be honest with you, excluding a student who cannot afford to pay \$50, or letting them in in some way, you will find a way. Teachers find ways of getting those students in, including paying the fees themselves or doing other things.*⁵⁴ [Ms Patricia Forward, Federal TAFE President (National), Australian Education Union]

Third party access

2.45 The Australian Chamber of Commerce and Industry and the Chamber of Commerce and Industry of Western Australia have both argued that private and other alternative providers should have access to publicly funded VET infrastructure.⁵⁵ In most cases this would mean third party access to TAFE facilities and both submissions acknowledge that in some cases this is already occurring on commercial terms.⁵⁶

2.46 Public providers should not be singled out over third party access. ANTA also occasionally makes capital grants of Commonwealth funds to private providers, including CCI Training Services which is a subsidiary of the Chamber of Commerce and Industry of Western Australia.⁵⁷ Recipients of

52 *Transcript of Evidence*, p. 232.

53 *ibid*, p. 299.

54 *ibid*, p. 395.

55 ACCI, *Submission No. 76*, p. 3; CCI, *Submission No. 94*, p. 5.

56 *see Transcript of Evidence*, pp. 232-3, for a discussion of this in operation at Kangan Batman Institute of TAFE, Victoria.

57 Mr Jon Birman, Deputy Director — Operations, Chamber of Commerce and Industry of Western Australia, *Transcript of Evidence*, p. 18.

such grants could be expected to assume similar third party access obligations to public institutions, at least in relation to their publicly funded component.

2.47 The Chambers also argue that to improve access and to maximise the efficient utilisation of facilities, the management of TAFE's physical facilities should be separated from its training provision component.⁵⁸ TAFE's training 'arm' would then compete with other providers for access to the physical facilities. A price market would form enabling the return on facilities to be maximised and presumably providing price signals for future investment decisions.

2.48 The Chambers' proposal is one worthy of further examination. The Committee notes that ANTA is undertaking an infrastructure review to better inform the VET Ministers' consideration of the third party access issue and considers that any recommendation to break up TAFE before the results of the review are public would be poorly informed.⁵⁹ The Committee's view is that TAFE should be preserved to thrive as a vibrant public institution with strong and meaningful links to industry at all levels. Any changes as proposed by industry representative bodies would need to be the product of detailed examination and consultation. Given the close relationship of the VET sector to higher education it would also need to be consistent with an overall strategy for post-secondary education.

2.49 Third party access ought not to be at the expense of TAFE using its facilities to meet social equity obligations, nor should it limit TAFE access to income earning activities.

58 *Submission No. 76*, pp. 3-4; *Submission No. 94*, pp. 5-6; and see *Transcript of Evidence*, pp. 18 and 428.

59 Mr Terry Moran, Chief Executive Officer, ANTA, *Transcript of Evidence*, p. 657.