

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

By **Concerned Vocational Educators** **Submission Number: 10**
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Preamble

This submission is made by a group of people (now retired) who have considerable experience in the delivery of vocational education in general and particularly the TAFE system both at a state and national level. A brief synopsis of their experience is attached. The submission is based on three givens that we believe are widely accepted across the spectrum of Federal and State governments, vocational education providers and the community at large.

These are:

- Australia must maintain a modern skilled workforce in which all Australians have the opportunity to participate and contribute - not only a prerequisite for our being an internationally competitive country but also to promote a prosperous and equitable society.
- The current Australian vocational education system is recognized as one of the best in the world. It provides a nationally consistent framework of entry level training and further training pathways in every occupational category in the nation.
- For many years the core of vocational education system has been the TAFE system, funded principally by public money. It has delivered training in all fields with high levels of satisfaction from industry and the community.

Reference 1 - The development of skills in the Australian economy

In our view the current national system whereby Industry Skills Councils (ISCs) develop Training Packages and identify skill needs is totally adequate as a model for reporting on current and future training needs. For example the environmental scans conducted annually by national ISCs are progressively becoming more accurate in identifying current and future skill needs.

The important issue is delivery of training. In our view it is essential that TAFE be funded, structured and resourced so that it remains at the core of vocational education and training as the pre-eminent training delivery system. This does not mean that only TAFE should deliver vocational training but it does imply that any competitive training market has to operate on a level playing field and quality should be properly assured. This will be further developed in response to Reference 4.

Reference 2 – The development of opportunities for Australians to improve themselves and increase their life and employment prospects.

There are three aspects to this:

First – Governments must continue to encourage employers, particularly small business people, to see training as a part of their operation.

Employer decisions on vocational training are dependent on the confidence the business has in its future and its perception of the benefit training will bring to their business. Any low quality training driven by lowest delivery cost considerations has a real danger of eroding business confidence in these benefits. The answer is a national regime of rigorous registration requirements and compliance standards, consistently enforced.

The current review of standards for VET could develop these standards. They would cover all aspects of provision, public and private, including governance, ongoing financial viability, premises, equipment, student management, staff qualifications and experience and assessment validation. The national regulator, Australian Skills Quality Authority (ASQA) should be provided with the resources to undertake the registration and compliance of all providers.

Second - potential trainees must see value in undergoing training.

Students need to value their training. The Training Guarantee in Victoria has already resulted in students making training choices (sometimes as a result of highly questionable marketing by some providers) without full information about their options, completing the training and finding little demand for their qualification. Some students have then discovered that the qualification they gained has stripped them of further government training entitlement. When this occurs what value will these people and their social groups see in formal training?

Third - equitable access to all fields of study and course levels must be ensured.

Equitable access will be covered in the next reference.

Reference 3 - The delivery of services and programs to regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment.

Historically TAFE has embraced the responsibility for delivering services and programs to regions, more isolated communities and disadvantaged individuals. Colleges have provided a wide range of training that incurs substantial delivery costs because of capital investment requirements, thin market demand and specialized facilities. TAFE has also been the provider of student services and special programs, such as English as a Second Language (ESL), so as to maximize the opportunities of disadvantaged individuals to access formal training.

TAFEs also represent an important community resource, particularly in regional areas. A lesser recognised role is that TAFE institutes have sophisticated R&D units which work with employers to devise innovative training programs to meet challenges imposed by new technologies and other demands on production and service delivery. Such innovations are often the basis of future Training Package developments by ISCs. All of these TAFE functions require funding beyond basic program delivery funding based on student contact hour costs.

Access is particularly important in VET. Unlike universities, VET does not have simple selection criteria based on cut-offs such as Year 12 scores. The system takes all comers. TAFE colleges provide student services, access programs and other services to cater for this diversity. Very few private providers do. The latter cherry pick the programs they deliver and rarely choose to neither provide high-cost delivery programs nor commit to large capital investment, the exception being long established industry based and company- based providers.

Whilst it is recognized that states have in the past taken into consideration the extra costs that TAFEs incur because of this responsibility, through their college funding profile, the current model treats all providers as ‘equal’ for funding purposes thus forcing TAFEs to cut these important services and join ‘ a race to the bottom’ against the worst private providers. It is particularly evident in Victoria where an entirely inappropriate ‘entitlement’ model provides students a once-only choice of course and provider. This model and the draconian cuts made as a result of ‘unintended consequences’ (see below in response to Reference 4) has seen colleges, particularly those in regional areas, proposing savage cut backs on staffing and services as TAFE specific funds are reduced or abolished.

A further consequence of the model and its failures involves the state government financially forcing colleges to curtail or abolish places in higher level courses in order to cost-shift by forcing students into the commonwealth funded higher education sector. Narrow political and budgetary interests are thus changing the profile of post-school education regardless of the needs of the broad Australian economy and society generally.

Such potential cutbacks will limit access by students and lessen the ability of the VET system to maximize the training of a modern skilled workforce. For the above reasons the underlying model is deeply flawed.

Reference 4- The operation of a competitive training market.

In our view this is the key reference in the Inquiry and we have touched on the abject failure of the current approach in our comments above. We contend that if the nation is to meet current and future needs in training it needs a planned system of funding and not an unsustainable and inequitable free market approach. This does not mean that some contestable funding is not desirable to ensure delivery efficiency but the extent to which this needs to occur should be decided by the States and Territories under guidelines agreed through COAG with the most stringent quality assurance measures in place for all providers.

Whilst states and territories have some of their training funded through agreements with the commonwealth, the states and territories are the purchaser. In the Victorian model, called the Training Guarantee, a system of payment to students who meet certain criteria has been operating for several years. Because business confidence is the main deciding employment factor there has been little change in demand for traditional apprentice training.

However, as reported by the Victorian TAFE Association (VTA) in their press release of 15 June 2012, the demand for traineeships boomed as private providers used the Training Guarantee to market directly to students. As a result between 2008 and March 2012 the market share by student enrolments with private providers rose from 14% to 46% whilst in public TAFEs it dropped from 70% to 45%. To contain costs the state has decided to fund specified training programs at \$1.50 per student contact hour and severely cut TAFE funding. At least 75% of the funding cut backs have been directly placed on public TAFEs. This drastic response has affected all Victorian TAFEs, which have cut programs, staff and services.

This raises what we see as a key issue: who is purchasing the training - the state or the student? If it is the student she/he is often an uninformed purchaser. This can lead to providers encouraging students into training where there is little industry demand and as a consequence little value to the student or the nation as a whole.

A recent publication by the Victorian Department of Education and Early Childhood Development entitled *The Victorian Training Market Quarterly Report 2012* published March 2013, claims that the recent VET reform has shifted commencement patterns from courses that have 'less vocational outcome or in labour market oversupply' to courses that are in demand. Their evidence is based on a categorization of training in groups in Bands from A to E with A & B being the most in demand to D & E being the least. As there are no State Industry Training Advisory Bodies in Victoria and no direct advice as such from industry sources familiar with training needs we question the validity of this evidence of commencement pattern changes. If what is happening in Victoria now is any guide there is the potential to destroy the access services TAFEs provide, thereby greatly reducing the ability of people to access training and as a consequence, the nation's international competitiveness.

The aforementioned Victorian publication states that there are currently '6200 indigenous students, over 40,000 students with a disability and 126,000 culturally and linguistically diverse students in the VET sector'. TAFE has always had such an access profile. Funding cuts will make it more difficult to maintain.

Our objection to the Victorian approach is that it imposes an 'open' market on a sector where market conditions do not exist. The buyer and seller are grossly mismatched in maturity and knowledge and the government subsidies are not themselves included in the market but set by fiat. The buyer (the student) has no ability to assess the quality of the product nor any redress if the product is faulty or of no use to them. The usefulness of the training should be the result of planned provision based on current training demand and potential training developments, as identified and advised by industry. The national ISCs can provide this advice with supplementation from local industry organisations and some input from providers and community organisations.

The guarantee of quality should be the responsibility of Australian Skills Quality Authority (ASQA) across the nation. If a mechanism is required to ensure that training delivery costs are contained, it could be done by putting a cap on the training open to contestability, or by defining courses in agreed industry sectors as being contestable, so that delivery costs in TAFE are exposed to market discipline.

Reference 5 – Those jurisdictions in which State Governments have announced funding decisions which may impact on their operation and viability.

We are familiar only with the recent Victorian decisions and we have outlined above our assessment of the impact we believe they will have on the viability of TAFE and its ability to meet training demand.

As demonstrated earlier in this submission TAFE should remain the pre-eminent training delivery system. If the Victorian funding model is replicated in other states and territories then TAFE's ability to remain the core VET training delivery system and services provider will be threatened. We contend that the Victorian model is not the way forward since mechanisms already exist that can produce a training system well able to meet the nation's current and future skill needs at an efficient cost.

We would advocate that through the COAG mechanism, the commonwealth and states and territories reach agreement on the following proposals:

- The pre-eminent advice on the current and future training needs should come from national ISCs on an annual basis and ISCs should continue development of training packages to meet these needs.
- The Australian Skills Quality Authority should be the sole monitoring organization of provider registration requirements and compliance standards. The Authority's ambit would cover all aspects of all providers - public and private, including governance, ongoing financial viability, premises, equipment, student management, staff qualifications and experience and assessment validation. It should be provided with the resources to undertake the registration and compliance of all providers.
- A national framework should be developed under which TAFE can be funded not only for the costs training delivery but also the other services that colleges provide to students and the community as a whole. States would continue to make detailed funding decisions within this framework.
- Development of national guidelines on a mechanism that allows some training delivery provision defined either by a cap or defined courses in agreed industry sectors being contestable so that delivery costs in TAFE are exposed to market discipline.

Appendix

Background of Concerned Vocational Educators

Paul Byrne – Former:

- CEO of the Australian National Training Authority and previously an ANTA General Manager. In these roles and earlier while TAFE Federal Secretary of the Australian Education Union he was a significant participant in the reform of the Australian Vocational Education and Training sector towards the world leading national and industry relevant system.
- TAFE teacher – Preston TAFE

Dave Robson – Former:

- Joint Executive Officer – National Employment and Training Taskforce (NETTFORCE) chaired by Lindsay Fox and Bill Kelty instrumental in expanding the traineeship system to all industries and occupations in Australia
- Consultant to RioTinto on vocational education for local indigenous trainees
- National Secretary - Australian Education Union
- State Secretary – Technical Teachers Union of Victoria
- TAFE teacher - RMIT

Allan Corcoran

- Retired Victorian Tech College teacher and 40-year TAFE trade/technician trainer.
- Former President of TAFE Teachers' Association of Australia.

Bob Howden – Former:

- President TAFE and Adult Provision - Australian Education Union, Victorian Branch
- TAFE Teacher – Melbourne College of Printing and Graphic Arts

John Hird - Former

- Teacher and administrator over 30 years in Victorian TAFE, with roles in managing industry advice relationships and flexible training systems.

Peter Crocker – Former:

- Technical teacher and TAFE administrator
- Manager Human Resources State Training Board of Victoria
- Manager Major Projects Western Melbourne Institute of TAFE
- President Technical Teachers Union of Victoria

John Kemp – Former:

- Manager of Learning Research and Design Departments at 5 regional and metropolitan TAFE Institutes over 25 years. He has extensive experience with the realities of innovation, entrepreneurship and quality Vocational Education and Training across most fields and levels of study.