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## TAFE as a core component of VET

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Dr Lewis Hughes submission to the Parliament of Australia House of Representatives Standing Committee on Education and Training on behalf of Enviro-sys Pty Ltd

In response to the call for submissions to the **Inquiry into the role of technical and further education (TAFE) system and its operation**, this submission draws from Enviro-sys research into VET's contribution to social capital.

Note: In this response, Enviro-sys is particularly focused upon the individually possessed social capital of a VET graduate. For example, this social capital includes pride in self, confidence in drawing upon knowledge and skill coupled to being a lifelong learner, commitment to making the most of what is known and can be done, being trustworthy and having appropriately grounded trust in others, strengthening personal networks, and contributing to the strength of the team/enterprise/wider community. Our argument is that it is the social capital of a VET graduate which **yields a productivity return** from investment in VET.

In taking the above stance, we acknowledge that some (OECD 2001 as an example) take the view that 'human capital' embodies part of the foregoing and "social capital" is jointly (not individually) possessed. We don't have issue with such a view, as our interest is in the melding of human capital and social capital outcomes of VET; and this is a consequence of what a VET graduate accrues from their learning when well taught. The arena of our supporting expanded return from VET is the intersection between human capital and social capital assets.

It is our experience – particularly since 1999 when Enviro-sys quality assurance contribution to the strengthening of VET delivery began – that the social capital yielding outcomes from VET have been, although intended, largely under-valued. However, Enviro-sys research gives reason for confidence that when VET is well taught (bound to the influence of an educationalist teacher) there is a melding of social capital with human capital outcome (Hughes & Hughes 2011; 2012). It should be noted that this applies in both TAFE and private provider instances; however where the 'for-profit' totality of motivation applies in private providers, this acts against expanding the learning to yield social capital outcomes.

On the matter of a VET provider's interests in facilitating the acquisition of competency, there is a significant, and logical, difference between a TAFE Institute's public service *raison d'être* and a 'for-profit' private provider's profitability goals. Of course, there are private providers with motivations and goals which fall between these two ends of the provider spectrum; however, although worthy applause, they are

not the main game. The point which is being led to here is that a provider's motives are significant in terms of the how and what they contribute to the stock of Australian skills based competency.

The foregoing use of 'skills based competency' is very deliberate as the in-practice understanding of competency in Australia is narrow when related to the OECD 2001 definition of human capital – i.e. *The knowledge, skills, competences and attributes embodied in individuals that facilitate the creation of personal, social and economic well-being* (OECD 2001, p.18). In Australia, notwithstanding performance criteria specification, there is a great deal of variation in the 'what', 'why' and 'how' of VET teaching; and this is largely influenced by the *raison d'être* of the provider – e.g. delivering less has connection to profit and delivering more has connection to social obligation. Notwithstanding the variation in outcomes according to motives, there is a worrying Australian VET acceptance (in practice) that competency is only about knowledge and skill; and, even more worrying, the assessment of competency (for VET graduation purposes) is often superficial and does not give confidence that a graduate can actually move on to the job with the certified competence. Note: competency is supposed to be demonstrated over time and in different circumstances – much of Australian VET awarded qualifications are not so grounded.

It seems at odds with the global competitiveness objectives for VET in Australia that the deeper meaning of competency in competing countries has gone unnoticed. It is as though the 1986 ACTU/TDC Mission to Western Europe – informing Australian VET transition to competency-based-training - came back with only half of the story or, more likely, not always aligning interest of those at the Australian VET shaping table have brought about shallow horizons for VET learning. In this respect, it is germane that competency versus capability conversations with European VET colleagues are difficult as European understanding of competency is essentially what is advocated by some in Australia – Enviro-sys included - as capability. This has given rise to Hughes and Cairns (2013) encouraging that a VET graduate should be capably competent.

## **The development of Skills in the Australian economy.**

There is a long tradition of VET as the formal skill qualification provider in the Australian economy with apprenticeship in the traditional trades and traineeships in technical areas as the core – very similar to the dual system which prevails in Germany. In addition to their role in apprenticeship/traineeship learning (integration of learning and practice) Australian technical colleges graduated individuals with certificate and diploma qualifications through formal study pathways which did not require integrated learning through work, but it was not held that such graduates were fully trained – they were, however, well prepared to build upon their holistic learning. Looking back, it is not certain that there has been gain from the circa 1990 transition to competency-based training and the soon after emphasis upon VET provider competition. What if the resources had been applied to strengthening what was already in place? And what if the focus was upon quality of outcome more so than quantity of delivery?

Whilst acknowledging that there are private providers with a deep commitment to quality, it seems at odds with the intention to strengthen VET that a process of increasing competition (the private provider strategy) without adequate insistence upon quality was adopted. There seems to have been a misplaced reliance upon the market to yield quality coupled with quantity – manifestly this has not occurred. The VET success metrics of number of providers and number of students against the absence of a valid quality measure could be said to be a deliberate masking of under-achievement by VET in Australia. Note: gathering student satisfaction and employer satisfaction data in the absence of confidence that respondents are valuing what the system assumes (or chooses to accept) is very dangerous. For example, I have been a student in VET programs where expressions of high satisfaction were based upon ease of getting “the

ticket” not the quality of the learning. However, there is hope in the current advocacy by the National Skills Standards Council (NSSC) of a new VET system with enhanced insistence upon quality.

With respect to TAFE, there is a sense that the brakes were put on so as to ease private provider entrance and that this is escalating. If this is indeed so, then we are entering dangerous territory as TAFE has the potential of serving as a VET core benchmark for quality delivery in a continuous improvement VET environment. In recent times, Enviro-sys has shared concern with TAFE and quality committed private providers that VET authorities appeared to be knowingly tolerant of inadequate delivery in much of the system and it has been very challenging to not join the race to the bottom – provider survival imperatives have caused much compromise of quality.

In terms of TAFE (and some private providers) holding the line, their persistence with offering the Certificate IV in Training and Assessment as an appropriately rigorous course of study is to be commended, but has put provider/program sustainability at risk. Graduates from this course – typically, and inappropriately, delivered in days not months - are modeling their facilitation of VET programs upon their experience of achieving this qualification. This is an iconic example of the importance of a strong TAFE presence in VET as a **quality core**. Further diminishing of TAFE strength – as seems likely - puts skills development in Australia at risk and is a weakening of the VET environment to the disadvantage of quality committed private providers.

Although not the exclusive domain of TAFE (quality committed private providers are also responsive) there is much importance in delivering skills training which is responsive to the “E” in VET. This has much to do with the educationalist orientation of a VET teacher in nurturing social capital assets of VET graduates. It is in the nature of a TAFE Institute structure - faculty and supporting elements - along with its *raison d’être*, that attention to competency reaching beyond just knowledge and skills occurs. This is another aspect of TAFE as a quality core which if absent, or of minor VET status, reduces vitality in the development of skills in Australia. I am tempted to model a VET system without TAFE, but this is for a future time and to illustrate the importance of looking to the future and without immediate VET provider profit motivation.

## **The Development of opportunities for Australians to improve themselves and increase their life and employment prospects.**

It is a strong feature of VET – unique in the spectrum of Australian education – that it offers life changing opportunities for people across the community of Australia and throughout life. Whilst this is true for TAFE and private providers, the not-for-profit present character of TAFE presents wider opportunities than can be accessed in the private provider network. To explain, whereas a TAFE Institute has a broad community serving role, a private provider is typically characterised by limited scope of offering, is for-profit orientated (noting that there are not-for-profit private providers and are an exception to this and the following point), and is unlikely to offer learning opportunities in thin markets.

The thin market point is important - especially in rural circumstances, but not exclusively so. However, TAFE Institutes are increasingly under pressure to move toward commercial orientation and this is inhibiting the high community value of cross subsidy between profitable and un-profitable programs. For example, a rural based TAFE Institute has the capacity (if free to do so) to subsidise training for a few in community critical service(s) from its profit earnings in high student volume programs – e.g. an agricultural program might subsidise a town water treatment program and/or a fee-for-service program supporting a local major employer might subsidise a community health care program.

In a metropolitan environment there are local thin market equity groups where TAFE is a more likely provider than a for-profit provider. However, it is acknowledged that there are not-for-profit private providers contributing much to equity groups, but they are reliant upon public funding to an extent which might not apply to a TAFE Institute where cross-subsidy potential exists. Also, a for-profit private provider is unlikely to be responsive to community needs (where profit is not to be made) in the same way that a TAFE institute is inclined to act. Note: This not a TAFE Institute 'good' / for-profit private provider 'bad' argument – it is just a recognition of difference in why they exist.

As mentioned previously, Enviro-sys is very active in researching the relationship between VET and social capital. Arising from this research, it is apparent that the life-changing yield from VET extends beyond equity groups. A component of this research (Hughes & Hughes 2011) particularly gathered TAFE snapshots of VET students having grown in unexpected ways from VET being well taught. Whilst TAFE is not unique (in respect of the VET provider spectrum) in generating life-changing outcomes, the breadth of offering and opportunity to cross subsidise places TAFE in an individual and community enhancing position which merits its security being assured.

With respect to the status of a VET qualification, and hence employment prospects, TAFE Institutes are subject to greater oversight by VET authority than is the case for private providers. The effect is that a VET qualification awarded by a TAFE Institute is likely to be held in higher regard by an employer than might be the case where the prospective employee presents a qualification from a private provider – especially where the private provider has promoted and provided on a “quickie” basis. However, I acknowledge that there are private providers whose rigour in learning delivery and assessment of competency is equal to what is perceived to be the TAFE case; and there is actually a gain to such providers by TAFE holding the line against dubious qualification elsewhere awarded. Consider the disarray in respect of the status of VET qualification if only private providers had been issuing VET qualifications in recent times. It should be firmly in mind that VET graduates have a high dependency upon employer confidence in VET qualifications; and TAFE has a pivotal role in maintaining such confidence.

## **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**

It is taken that this term of reference equates 'skill' with 'competency' and competency reaches beyond just the possession of knowledge and skill. If this is the case, then an individual having pride in what they know and can do and being predisposed to drawing upon their stock of competency as lifelong learners must be included in consideration of the development of skills in the Australian economy. Accordingly, the issue arises as to who are the clients of VET and what are their 'wants' and 'needs'; and the uniqueness (or otherwise) of TAFE's role in this is worthy of consideration.

With respect to 'wants' and 'needs' of VET clients in Australia, the experience of Enviro-sys is that they are not always as the system appears to expect. There is an apparent assumption of consistency in that individuals seek competency via VET and employers seek competent employees. Neither of these are universally the case. My presentation (Hughes 2010<sup>1</sup>) to the VISTA Association of VET Professionals drew attention to instances of both VET learners and employers of VET learners seeking 'the ticket' not 'the competency'. This has been a factor in the opportunistic manipulation of VET and the forced following by some RTOs (TAFE and private).

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<sup>1</sup> This paper was featured by the Canadian Vocational Association / Association canadienne de la formation professionnelle (CVA-ACFP) as its March 2013 Pick of the Month  
Enviro-sys Pty Ltd – *'Sustainability through nurturing and making best use of knowledge'*

In terms of TAFE institutes' role in developing skills to underpin the Australian economy, it is our view that there have been significant unintended consequences of the rush to installing (as markedly different to encouraging) competition between providers and that TAFE has been substantially undermined in this process. Surely, it can't be the case that moving the development of Australian skills from holistic (valuing the "E" in VET) learning providers to narrowly focused 'for-profit' providers has been seen as a safe way of expanding the competency base of the Australian economy. Please note – as previously emphasised - that this is not a public provider "good" / private provider "bad" view – there are good and bad in both camps; however, TAFE has been undermined by a process which has not valued the breadth of contribution by TAFE to society. The so called leveling of the VET market appears to have been done in ignorance of the difference in what a private provider can choose to do versus the community service tradition of TAFE. Is it really intended that the development of skills in the Australian economy should be decoupled from community cohesiveness as is potentially the case when provider profit is the goal?

### **The operation of a competitive training market: and those jurisdictions in which State Governments have announced funding decisions which impact on their [TAFE] operation and viability**

This term of reference prompts questioning – What is the purpose of government(s) generating a competitive training market? Presumably, the purpose is for the community to derive best value from its investment of public funds. However, there is doubt that this has been achieved by the TAFE versus private provider competitive strategy; and the mystery (seemingly so) of government(s) paying for training hours not delivered further confounds evaluation of the merit of current strategies. On this latter point, I have had the experience of being charged for 200 nominal hours when at the time of payment it was obvious that only 40 hours would be delivered – Does government(s) feel used/abused in the way that I felt?

I raise the foregoing because I have a sense that the objective of a competitive VET market has not been thought through in terms of value-for-money, but is more about government shifting budget allocations. This said, I do acknowledge that there is merit in government(s) requiring provider competition in sourcing government funds and, through this, TAFE not being complacent about its role. However, the competition should be 'like with like' grounded and responsive to VET needs where provider profit is not the driver.

Laying a foundation for the future is another aspect which requires consideration in respect of what is sought from a competitive VET market. There appears to be a growing notion that the development of skills in the Australian economy is only to do with what are presently judged by some as of immediate need; and government funding follows this. In the absence of fee-for-service data from private providers, the anecdotal evidence is that private providers are sustained by government funding and it is unlikely that they will contribute to forward needs unless such funding is available. What is the risk to Australia's adequacy of skill base if – under the cloak of competition - the investment in the future possibilities of TAFE are removed from the VET system?

Weakening the TAFE sector through reducing funding as a consequence of under-valuing its scope of contribution when compared to the narrower scope of private providers puts both our stock of human capital and social capital at risk. There may be short term budget gains (doubtful on recent performance) but long term loss to the goal of a productive and cohesive society.

## In conclusion

This submission is defending TAFE's place in the Australian VET system and is motivated by an appearance that it is under threat. Not so long ago there were voices, speaking on behalf of private providers, which expressed concern that TAFE had an unfair advantage in the VET market; and, now, the pendulum has swung to the point where it is not unreasonable to fear the demise of TAFE where State Governments are aggressively pursuing 'contestability' and/or shifting funding to private providers.

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