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# Education and Employment Committee Inquiry into TAFE

Response from the  
Australian Council for Private Education and  
Training (ACPET)

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## Introduction

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Established in 1992, the Australian Council for Private Education and Training (ACPET) is the national industry association for private providers of post-compulsory education and training. ACPET has over 1000 members nationally, delivering a full range of higher and vocational education and training (VET) and English language courses across all states and territories.

As the peak body for private providers, ACPET is committed to quality in the tertiary education system and has taken a leadership role in the sector on this issue. ACPET members commit to a Code of Ethics which governs all aspects of their business operations, as well as the actions of their partners and contractors. Members are subject to oversight and scrutiny of their operations by other members and by the Board of ACPET and its Governance, Audit and Risk Committee. ACPET members renew their membership each year and must confirm their ongoing compliance with the Code of Ethics. ACPET also runs a strict risk assessment process for all members approved by the Commonwealth to offer FEE-HELP and VET FEE-HELP loans to their students.

ACPET also runs Australia's largest and most comprehensive national professional development program for the VET sector. The professional development offered by ACPET is explicitly mapped to the VET Quality Framework. In addition, it provides assistance and support for providers wishing to diversify their business operations and enter new markets. The program also provides recognition for individuals and providers with a demonstrated commitment to professional development.

Finally, ACPET has recently introduced a healthcheck service to provide its members with independent advice on their business systems and operations against the VET Quality Framework.

## **TAFE and Australia's VET sector**

ACPET welcomes the opportunity to provide a submission to the Standing Committee on Education and Employment's Inquiry into the role of the Technical and Further Education system and its operation.

The Council of Australian Governments (COAG) has committed to training targets that support Australia's future productivity and social needs. This commitment is designed to foster employment opportunities for the Australian community and improve the productivity of Australia's workforce.

To support COAG's training and skills commitment, Australian governments have also agreed on structural change of the nation's training system. A significant contributor to skilling the nation, TAFE, is being impacted by this structural change.

This structural change was agreed to as part of the National Partnership Agreement on Skills Reform, and involves (amongst other elements) a shift from a TAFE-centric purchasing model for vocational education and training, to a demand-driven system with the introduction of an entitlement-based model. The key elements of this shift are:

- identifying the skills needed for the economy at both a national and jurisdictional level to grow the economy and meet labour market need
- funding to be made available to students enrolling with any approved provider for all eligible learners, and
- fostering a robust competitive market, which provides real consumer choice that efficiently delivers skills outcomes.

The National Partnership Agreement on Skills Reform is the apex of a changing paradigm in the Australian VET system over the last two decades. While over time different TAFE systems and institutes have changed their governance and operational models in different ways across the various states and territories, the common characteristic of the VET system to date has been a government managed, purchaser-provider training model. This model is not sufficiently flexible and dynamic to upskill those Australians without skills or to meet the skills needs of Australia's changing industry environment and productivity needs.

This new paradigm has seen the move away from a "command and control" organised training system and movement towards a system of individual choice and entitlement. If governments support greater student choice in VET then they must acknowledge the need for the training system to evolve and allow the opportunity for TAFE to evolve.

The TAFE system has an important role to play in Australia, especially in regional areas and in specialist industries which at present are less well suited to full contestability of the training market. However, there must be recognition that by placing students at the heart of the system, governments cannot create artificial barriers in the market that leave TAFE as the only choice for VET learners.

## **Victorian VET reforms**

With four years of reform to VET in Victoria, following the introduction of the Victorian Training Guarantee, ACPET's submission focusses on the benefits of training reform and the need to continue to move nationally from a provider based model for VET to a student based model.<sup>1</sup>

Despite the myths to the contrary and the media coverage of the Victorian reforms, the statistical evidence confirms the success of the reforms in encouraging more people into training, in closely aligning the training effort with Victoria's skill needs, and in growing enrolments in TAFE and other providers.

One of the central pillars of VET reform in Victoria is the introduction of an individual entitlement model which puts purchasing power in the hands of students. Under this model, training places have been uncapped. The 2008 introduction of the Victorian Training Guarantee released built-up demand and stimulated training and skills development/acquisition in the community.

Importantly these reforms have seen large numbers of enrolments by people from a range of equity groups. When provided with choice, individuals rapidly moved to exercise their preferences for wider or at least alternative options of training courses, delivery modes, learning environments and support services.

It is in this broader context that the role of TAFE and its fitness for purpose need to be considered, in terms of ensuring that:

- the needs of the community are being met
- students and industry have real choice over what training is undertaken and where
- the cost of training provision and access to training are sustained as appropriate, and
- greatest public value is achieved.

### **Choice delivers positive outcomes**

The recent release of the Victorian Training Market Quarterly Report reveals that between 2008 and 2012 students, when given the choice, increasingly sought to fulfil their training needs outside the TAFE system. That is, while enrolments have continued to grow in Victorian TAFE institutes in the last four years – the rate of growth has been slower than in the non-TAFE sector.

In 2012, TAFE in Victoria for the first time is no longer the primary provider of VET education. As a result of record numbers of people enrolling in VET though – overall enrolments in TAFE went up even as market share was lost to non-TAFE providers.

- Between 2008 and 2012, overall enrolments in TAFE increased by 11 percent, from 253,500 to 281,000
- In the same period, private provider enrolments increased by 472 percent, from 54,000 to 308,800
- In the same period, Adult Community Education (ACE) provider enrolments increased by nine percent, from 73,800 to 80,200.

Of the 670,400 government-funded enrolments in VET in Victoria in 2012, TAFE held a 42 percent share (281,400), the ACE sector a 12 percent share (80,200), and private provider a 46 percent share (308,800).<sup>ii</sup>

Changes in government funded enrolments across the three provider categories are detailed in Table 1.

**Table 1 Government funded enrolments by provider type 2008 -2012**

Institution type	2008	2009	2010	2011	2012	2008 -12%	2011- 12
<b>TAFE</b>	253,500	251,100	263,300	263,500	281,400	11%	7 %
<b>Private</b>	54,000	57,400	99,800	220,700	308,800	472%	40 %
<b>ACE</b>	73,800	68,300	63,800	64,600	80,200	9%	24 %

## Meeting the Public Need

### Market Responsiveness and Productivity

The VET sector, and particularly the Government funded sector is a highly contested policy space. Often assertions are made that criticise private providers for delivering training that is not meeting the needs of the community or the economy. These same assertions often promote TAFE as the only training vehicle that can deliver these outputs. This is simply not correct.

The Victorian data shows the compelling correlation between the growth of private provision in training and the growth in training that meets the needs of the Victorian economy.

In 2012 in Victoria vocational training activity has been particularly strong in sectors of critical importance to the Victorian economy, addressing skills shortages and occupations with specialised skill requirements. Importantly enrolments in training are aligned with the changing occupational structure of the Victorian economy. In 2012 enrolments were 18 per cent higher in shortage qualifications and 11 per cent higher in specialised qualifications, compared with 2011 figures, equating to 152,300 and 80,200 enrolments respectively.

Trends in apprenticeships and traineeships align closely with the wider Victorian economy. There were over 134,000 apprentices and trainees training in 2012. Apprentices did however fall slightly by 3 per cent since 2011. This is attributed, by the Victorian government, to the subdued business conditions in the Manufacturing and Construction sectors.

### Providing access to disadvantaged learners

TAFEs have provided, and will continue to provide, access to education and training for learners from disadvantaged backgrounds. As a sector TAFE has an explicit commitment to meet the needs of learners requiring second chance education.

However, the latest *Victorian Training Market Quarterly report* provides evidence that when given the opportunity, disadvantaged learners will exercise their choice to access different provider types. The opening of the training market with the introduction of the Victorian Training Guarantee (VTG) has seen the successful engagement of many more higher-needs learners in VET, with tremendous growth in training across groups such as indigenous students, students with a disability and the unemployed. A growing proportion of students are choosing to study with non-TAFE providers.

Tables 2, 3, and 4 below reveal the tremendous success of the VTG in stimulating training amongst learners from disadvantaged backgrounds.

**Table 2. Indigenous students Victoria**  
**Number of completions by qualification level in government subsidised and fee-for-service training by TAFE and private providers, 2008-2012**

Qualification level	2008	2009	2010	2011	2012	2008 - 2012%
Cert I-II						
Private providers	32	62	112	207	303	847 %
TAFE	292	308	286	437	453	69 %
Cert III-IV						
Private providers	71	114	126	344	590	731 %
TAFE	367	320	343	372	442	20 %
Diploma & above						
Private providers	0	0	13	32	53	530 %
TAFE	84	56	66	101	136	62 %

**Table 3. Unemployed students Victoria**  
**Number of completions by qualification level in government subsidised and fee-for-service training by TAFE and private providers, 2008-2012**

Qualification level	2008	2009	2010	2011	2012	2008 - 2012%
Cert I-II						
Private providers	1,250	1,352	2,865	5,832	9,551	664 %
TAFE	2,820	3,393	3,616	4,240	4,531	61 %
Cert III-IV						
Private providers	807	1,276	3,521	10,735	19,648	2,335 %
TAFE	4,440	7,189	6,827	7,228	7,597	71 %
Diploma & above						
Private providers	14	43	331	970	1,220	8,614 %
TAFE	2,138	3,348	3,673	3,704	4,359	103 %

**Table 4. Students with a disability Victoria  
Number of completions by qualification level in government subsidised and fee-for-service training by TAFE and private providers, 2008-2012**

Qualification level	2008	2009	2010	2011	2012	2008- 2012%
Cert I-II						
Private providers	262	323	660	1,354	2,009	667 %
<b>TAFE</b>	<b>1,231</b>	<b>1,268</b>	<b>1,169</b>	<b>1,477</b>	<b>1,637</b>	<b>33 %</b>
Cert III-IV						
Private providers	303	417	860	2,102	4,061	1,250 %
<b>TAFE</b>	<b>1,696</b>	<b>1,835</b>	<b>1,974</b>	<b>2,124</b>	<b>2,386</b>	<b>41 %</b>
Diploma & above						
Private providers	16	30	100	215	437	2,631 %
<b>TAFE</b>	<b>603</b>	<b>545</b>	<b>628</b>	<b>779</b>	<b>960</b>	<b>59 %</b>

As other governments move to introduce greater contestability for government funded training and an entitlement to learning, TAFE's future success will require a shift from the mindset that it is the only credible option for disadvantaged learners. When choice is provided to learners the facts simply do not support this outdated view.

### **TAFE then, now and into the future**

Some twenty years ago it was fair to say that TAFE was VET and VET was TAFE. Indeed, a surprising number of academics and commentators seem to hold the same view even after two decades of growth and change in VET. As ACPET has pointed out previously - for many years Australians believed governments needed to own and operate airlines, telephone services, and banks. This is no longer the case. In most areas of the economy, government policy now supports a market-based system (including in schools and higher education) with government having a strong regulatory role, rather than one focussed almost exclusively on the provision of services.

The VET sector, like other sectors, requires competition to drive the development of flexible and innovative training, supported by prudent investment in technology and infrastructure. The VET environment is a dynamic, evolving one.

It is not realistic for TAFE systems, as they currently exist, to endlessly reconfigure themselves in a reactionary manner to meet the changing education and training environment, industry, global forces, geographical and demographic realities. Rather Australia's training system needs to be unshackled to so it can be more nimble as industry needs change, to be proactive and client focussed. The Victorian Training Guarantee reforms show the benefits to the community and the economy when the training system allows flexibility.

The sometimes emotive discourse around the role of TAFE has done little to serve the system it seeks to protect. Instead, it has tended to obscure facts and ignore the real successes and challenges of VET in this period of reform, diverting attention away from the critical task at hand for the public provider to make a steady, properly supported transition to a robust presence in a demand driven VET sector.

While ACPET notes the specific advice sought by the Committee on key aspects of the TAFE system (for example governance, competitiveness, and responsiveness) ACPET believes it is for the TAFE sector to identify how it can best thrive in a demand driven system. ACPET's submission seeks to underline the substantial benefits for learners, communities and industry from a demand driven VET system and urges the Committee to support the continued move to a demand driven approach and to an entitlement-based model in other jurisdictions.

### **Concluding comments**

The role of TAFE is to deliver skills that meet the needs of individuals, enterprises, and industry, as well as the broader Australian economy. TAFE also has a role in delivering clearly defined government priorities that at times require direct government action.

Governments should clearly articulate the role they want their public training arms, TAFE, to play. To determine TAFE's role, governments should use data and empirical research, including in the definition of thin markets. Once a role for TAFE has been clarified, TAFE institutes should be funded for that role and the remainder of government funding for VET should be available in a contestable, demand driven approach.

The evidence after four years of reform in Victoria is that these reforms work. VET must be driven by the needs of learners, business and the economy not by the needs of institutions. All providers, public and private, can flourish when they are empowered to put the needs of learners first.

### **ACPET contact**

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<sup>i</sup> ACPET acknowledges the VET reforms which the South Australian government has introduced and the concomitantly large increase in enrolments as a result. However given the South Australian reforms are still new, there is less data available on their successes, and as a result ACPET's submission outlines the benefits of VET reform through consideration of the Victorian reforms.

<sup>ii</sup> Department of Education and Early Childhood Development, *Victorian Training Report Full Year 2012*