



# **HOUSE OF REPRESENTATIVES**

**STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING**

**Reference: Role of institutes of TAFE**

**CANBERRA**

**Thursday, 12 March 1998**

**OFFICIAL HANSARD REPORT**

**CANBERRA**

HOUSE OF REPRESENTATIVES  
STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING

Members:

Dr Nelson (Chair)

Mr Barresi	Mrs Gash
Mr Bartlett	Mr Latham
Mr Brough	Mr Marek
Mr Charles	Mr Mossfield
Mr Dargavel	Mr Neville
Mrs Elson	Mr Pyne
Mr Martin Ferguson	Mr Sawford

The Committee is to inquire into and report on:

the appropriate roles of institutes of technical and further education; and

the extent to which those roles should overlap with universities.

**WITNESSES**

**PATERSON, Mr Mark, Chief Executive, Australian Chamber of Commerce and  
Industry, Floor 3, 24 Brisbane Avenue, Barton, Australian Capital Territory  
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STANDING COMMITTEE ON EMPLOYMENT, EDUCATION AND TRAINING**

*Role of institutes of TAFE*

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Present

Dr Nelson (Chair)

Mr Bartlett	Mr Neville
Mr Dargavel	Mr Pyne
Mrs Elson	Mr Sawford
Mr Marek	

Committee met at 9.07 a.m.

Dr Nelson took the chair.

**CHAIR**—I declare open this public hearing for the inquiry into the role of institutes of TAFE and the extent to which those roles should overlap with universities.

The committee has received over 90 submissions and has conducted public hearings in Perth, Adelaide, Melbourne and Canberra, intended to give business, the wider community, TAFE itself and the university sector an opportunity to participate directly in the inquiry.

The purpose of the inquiry is to clearly identify the appropriate roles for institutes of TAFE and the extent to which they should overlap with universities. The committee aims to produce recommendations for government action that will enhance TAFE's capacity to meet community expectation in relation to those roles.

Matters raised in submissions and at public hearings so far include: the importance of TAFE's community service and vocational education and training roles; the importance of TAFE's links with industry; the effect of competition on TAFE's traditional activities; the appropriateness of TAFE's current administrative and financial structure; and the funding anomalies between TAFE and higher education which affect both students and institutions. This is not meant to be an exhaustive list of the issues to be considered, nor an indication of where the committee's final recommendations might lie.

Today the committee will hear evidence from the Australian Chamber of Commerce and Industry.

**PATERSON, Mr Mark, Chief Executive, Australian Chamber of Commerce and Industry, Floor 3, 24 Brisbane Avenue, Barton, Australian Capital Territory 2600**

**CHAIR**—Welcome. I invite you to give us a five- to 10-minute precis of your submission, and then we will ask questions and so on.

**Mr Paterson**—By way of background, the Australian Chamber of Commerce and Industry is the peak business representative organisation in Australia. All of the major state based chambers of commerce and employers federations and other multi-industry organisations, together with a significant number of national industry associations, are members of ACCI. Through our membership we cover about 350,000 businesses around the country in every state and territory, in every industry sector and of every size. Our constituency is the broadest business representative constituency in the country.

We have been active participants in reform of vocational education and training, the school system and higher education over a significant number of years. Particular attention has been paid during that time to changes in the vocational education and training system and the linkages between the school system, industry and vocational education and training. More recently, given the West review into higher education, we have expressed views on the proper role of higher education and the interaction between higher education and the vocational education and training system.

A very broad range of reforms that have been pursued, particularly in VET, have very strong support from business. Those reforms have been designed to turn the system away from a provider driven system—that is, driven by the dominant public providers, the TAFEs in each state—driven solely by meeting their needs to a system that meets the needs of their clients, the employers and the employees within those businesses who access the services provided by the TAFE systems.

We have strongly supported the move to a system where industry takes significant leadership in establishing competency standards that underpin the development of new training packages and in trying to get a publicly provided system much more responsive to meeting industry needs and to being subjected to competitive pressures within the marketplace. We strongly support the concept of user choice which has been agreed by the Commonwealth and all of the states to have effect from 1 January 1998. The employer will choose the training provider of choice for the off-the-job training provision for apprentices and trainees around the country. We strongly support that initiative. We believe that user choice is probably the most significant change that has been implemented in the last decade in relation to VET and it will significantly change the way that system operates.

We have been strongly supportive of the development of training packages underpinned by industry developed national competency standards, assessment criteria and

qualification alignment with the Australian qualifications framework. We believe that over time we will see much greater response, both from the TAFE system and from other private providers, in the delivery of vocational education and training.

Another significant area in which we have not yet seen substantial development but where we hope we will see further development is opening up access to publicly provided infrastructure. TAFE colleges and the like are spread throughout the country both in metropolitan areas and regional Australia. If you are going to have a proper user-choice market where publicly funded support for apprentices and trainees is made available on an open market, then the publicly provided infrastructure of the TAFE colleges and their other facilities ought to be available to other providers where an employer chooses another provider under the user choice regime.

We have seen some developments in opening up that market, with access being provided to publicly funded infrastructure through TAFE colleges on reasonable commercial terms. We hope to see a much greater opening up of that marketplace. We would strongly advocate the separation of ownership at the state level of publicly funded infrastructure and the TAFE as a training provider, so that the provider and the operation of the asset are separated and TAFE then operates in a marketplace as a competitive provider of vocational education and training, with access to facilities provided on comparable terms to either the public provider or the private provider of choice of the employer of the apprentice or trainee.

We have also strongly supported the articulation pathways between school and vocational education and training, and between vocational education and training and higher education. That has presented some challenges over time. We have seen the development of the Australian qualifications framework, which seeks to integrate the outcome of the schools system with the outcome of vocational education and training, linking in with higher education. We strongly support the adoption by each of those sectors of appropriate alignment with the Australian qualifications framework.

That framework has been accepted by all governments around Australia as being the appropriate framework for qualifications development within Australia, and it has recently been the underpinning foundation of agreement for mutual recognition between Australia and New Zealand where their qualifications are aligned with their qualifications framework, and the qualifications offered in Australia are aligned with the qualifications framework here. The newly developed national training packages all identify an alignment with the AQF, and that then provides for appropriate articulation arrangements between the various levels within that framework.

The interaction between the role of TAFEs and the role of universities, which is the particular interest of this committee, is an area where I think there is still a significant degree of uncertainty. Contrary to popular belief, more people go from higher education to TAFE than go the other way. Traditionally, people presume that people progress almost up

a stepladder, from education through to vocational education and training, and then pursue a higher education outcome. We are seeing significant numbers of people going through higher education and then pursuing a practical, relevant vocational program that will assist them in gaining employment. I think that needs to be kept in the minds of committee members when looking at the interaction between universities and TAFE. It is not a one-way street; it is very much two way, with the dominant trend at the present time being university to TAFE and not the other way around.

We have seen colleges established around the country that have been developed on joint campuses, where a TAFE college and a university are co-located and share significant facilities. In many cases, those joint facilities are working very effectively and there is much closer cooperation between the VET sector and higher education. We have seen in recent times some of what might be described as 'forced' or 'persuaded' combinations that are not at this stage producing the same quality of cooperation and outcome as those where there has been a cooperative effort to bring the two institutions together. We believe the two can work, but we need to resolve a number of significant issues if the two are to work in combined areas or in cooperation.

At the present time, each university is a self-accrediting institution, which means that it accredits its own qualifications and offers those in the marketplace. We have spent the past decade getting the vocational education and training system turned around to be able to meet the needs of industry and respond to industry's needs and have industry in the driving seat saying, 'These are the competency standards that we want to see delivered. These are the assessment regimes that we want to see delivered. This is the standard to which we want competency assessed within the workplace and, therefore, that is the standard of performance we want identified as an output from the vocational education and training system.'

We do not want, therefore, to slip into a system where universities and TAFEs come closer together and the universities then try to present vocational education and training qualifications that they self-accredit and that do not link in with the AQF and that do not link in with meeting the needs of industry. I think that that is probably one of the major critical issues that this committee needs to consider: how those two will interact. Our view is that if a vocational education and training qualification is to be offered in the marketplace, then all offerers of that qualification need to meet the same regime, and that is an industry driven regime. So, if a university wants to offer a vocational education and training qualification, in comparable terms or cooperatively with a TAFE system, then it has to do so under the same regime. It needs to do so in accordance with national training packages. It needs to do so by demonstrating to the state training recognition authorities that it is an appropriate training provider to deliver that training.

The new regime for recognition of training providers, called the Australian Recognition Framework, is designed to have providers demonstrate not that they have the curriculum—which is what they used to do before, when they would go along with the

curriculum and hand it over to the training provider—but that, firstly, they can deliver the training to the competency standard that is required and, secondly, they are capable of undertaking the assessment in the way that is required by that training package. We believe that if universities are to move into the delivery of vocational education and training, they need to be equally capable of demonstrating to an independent accrediting authority at the state or territory level that they have the capacity to deliver to those national competency standards and the capacity to undertake the assessment that is required.

We believe that the changes that have been made to the system have significantly changed it from a supply driven system to a demand driven system on the VET side. We have not yet seen that change in higher education, and much more attention needs to be given to the higher education sector and to allowing it to be demand driven.

In discussions that we have had over time with universities, they do not have regard necessarily to the employment outcomes or the economy expectations of their graduates; they will pump through as many graduates as they can to underpin their funding model, rather than think about what the needs of industry and the economy are and try to respond to the demand that is coming from industry and the economy. They should do that rather than fill up class sizes to fill a particular funding model that suits a particular university or other higher education institution.

We believe that further consideration is warranted in terms of funding, be it in the provision of vocational education and training through TAFEs or through higher education, in terms of what has variously been described as voucher systems or some other form of universal entitlement. If there is to be any integration between the funding regime for higher education and what we do on the vocational education and training side, it warrants much greater consideration of some form of universal entitlement to publicly support it—be it vocational education and training, apprenticeship or traineeship training, or higher education training—to bring some equity into the offering that is provided publicly.

I conclude, Mr Chairman—and I would be happy to respond to any questions—with an observation from our experience that the changes that have been made with the vocational education and training area moving to a demand driven system have increased competition and the number and range of providers of that training, and have meant that that training has been much more responsive and much more flexible. It is therefore capable of meeting the needs of individuals and of their employees, in terms of the timing of the training that is delivered and the way in which it is delivered—whether by distance learning or some other flexible regime. It has also improved access and equity. With much more responsive providers and a greater number of providers prepared to meet the training need, they do not have to rely on a single offering from a single publicly provided TAFE college.

And the benefits are not just for industry. The changes that have been made ensure

that employees and other individuals that go through the training have that training recognised by industry as meeting the needs of industry. They have also improved access and equity. I am happy to make any comments, Mr Chairman.

**CHAIR**—Thank you very much; that is very good. Are you happy to go until about 10 a.m?

**Mr Paterson**—I am comfortable with that.

**CHAIR**—I am not suggesting all the members will be able to stay that long, but your submission is extremely important.

**Mr NEVILLE**—I would like to examine the articulation and credit transfer thing in three parts. I am disturbed by your comment—and I would be interested to know whether your evidence is apocryphal or actually based on some statistics—that people who go to universities and complete a degree course will then go back to a TAFE college or some trainer to get on-the-job skills training. Would you like to comment on whether that is not a waste of resources on the way through? Should a person not be picking up those qualifications in a properly accredited TAFE course on the way through? That is the first part of the question.

The second part is this: you made the comment that you feel that if the universities are going to operate in a vocational area, they have to meet the national training standards. I have no quibble with that, but people complain to me that kids and adults that do courses at TAFE for, say, two years and then want to move on to university find that only a very small proportion of their training is accredited. Could you examine those two aspects? Then I have a final question that I would like to put to you.

**Mr Paterson**—Certainly. On the first issue of people going from higher education to TAFE, that is not based on anecdotal information. In addition to my role as Chief Executive of ACCI, I am Chair of the National Training Framework Committee and also a member of the Australian National Training Authority board.

**Mr NEVILLE**—That is well established.

**Mr Paterson**—As such, I have access to information before the ANTA board. I cannot, off the top of my head, give you what the percentages are from the statistics but—

**Mr NEVILLE**—Would the secretary have them?

**Mr Paterson**—Without question. That can be directly obtained from ANTA, but I think the information is incorporated within the ANTA submission to the West review, so it is on the public record.

**CHAIR**—We have been told in a number of submissions that the flow is about seven to one from higher education to TAFE.

**Mr Paterson**—The majority of people coming to it cold would think that it was the other way around. Whether there is a waste of resources on the way through, you have to possibly take some further judgment as to whether you are combining both a broad, general theoretical higher education and then supporting that base with direct vocational qualifications. There is no doubt that there is waste in that process. A lot of streaming goes on from the education system itself, from the wishes and desires of parents. People ought to strive for the highest level of education that is achievable and then seek to deal with the situation of needing to get a practical set of qualifications that meets the needs of a prospective employer. There is no doubt that there is some waste in resources on the way through.

On the question of articulation, there is no doubt that there is at present inadequate articulation between TAFE and higher education, and that is an area that we have been pursuing both in the development of the Australian qualifications framework and the Australian Qualifications Framework Advisory Board, which has representatives across all sectors, have been looking at that but as yet have not resolved it adequately, in my view.

**Mr PYNE**—Mr Paterson, in your submission you seem to focus most of the ACCI's concerns around whether the system is market based, market driven and whether it is demand aligned to employer and student needs, which is probably very relevant in terms of the TAFE sector. Do you see any role at all for universities as centres of learning as opposed to trainers?

**Mr Paterson**—We do, and we recognise that that role is a role undertaken by universities. It is undertaken less so now than it once was with universities having demands from their students to meet particular employment outcomes and universities finding other ways to pursue some of their broader research undertakings and activities. There is no question that many would view universities as centres of learning, providing opportunities to explore new and innovative ways of approaching things and thinking about things. Our concern is the interaction between universities and TAFEs. This is not an inquiry into the proper role of universities but the interaction between the two.

**Mr PYNE**—It is an inquiry into both.

**Mr Paterson**—If I have misunderstood the terms of reference—

**Mr PYNE**—That is all right. I think the inquiry is misnamed as an inquiry into TAFEs. The inquiry is about the role of universities, the role of TAFEs and the interaction between the two.

**Mr Paterson**—I had been advised that it was the appropriate role of institutes of

technical and further education and the extent to which those roles should overlap with universities. That is why our submission is framed in the way it is. If there are different terms of reference—

**Mr PYNE**—Sure. I am not criticising. I am just saying that it is very important that we understand that the two sectors have distinct reasons for existence.

**CHAIR**—The point he is making is that, in order for us to examine the articulation and interaction between TAFEs and universities, we obviously have to give some thought as to the respective roles of each sector. So I think Chris is quite right.

**Mr PYNE**—I was not meaning that as a criticism. This has been an ongoing debate within the committee. I am just representing my position.

**Mr Paterson**—We recognise that as a role of universities, and our submission to the West inquiry reflects that role. Our principal concern in looking at the interaction between the two is the extent to which the same set of rules will apply irrespective of the institution that provides it. Our view would be that that should apply, whether it is a university providing the qualification, a technical and further education institute providing it or a private provider, and that they should meet the same standards and be recognised under the same system and that we should not use artificial means of university self-accreditation to bypass that system.

The universities will still maintain a self-accreditation arrangement into the degree offerings that are made by universities and other higher qualifications, and they will still pursue activities as centres of learning. But it is the extent to which the higher education sector and the VET sector overlap that the same rules ought to apply.

One of the things we have seen in recent times is that a number of universities—I will describe them as the non-sandstone universities to distinguish which grouping of universities is doing it—have introduced associate degrees which do not meet qualifications and do not give a degree outcome. In many ways they are being used to articulate into full undergraduate degrees but are really competing in the marketplace with advanced diplomas. Universities are recognising associate degrees for the purposes of articulation into full undergraduate degrees but are not using the comparable associate diploma qualification that is coming out of a TAFE institute to give the same level of articulation into an undergraduate degree. I think that needs some attention.

**CHAIR**—This goes to the very heart of what we are about, which is the point that Chris was making. Do you believe that it is appropriate or inappropriate for universities to be doing that? I know the chamber has said, ‘If they’re doing it, they should meet the industry set standards et cetera.’ But should universities be getting out of it altogether and be concentrating on learning, which is a different concept from training, I would think?

**Mr Paterson**—I do not want to get into an esoteric debate about learning and training because we train doctors in universities.

**CHAIR**—I know.

**Mr Paterson**—We train vocational skills in doctoring and lawyering and nursing.

**Mr SAWFORD**—Perhaps we should train them in TAFEs because they are vocational courses.

**Mr Paterson**—That is why I think the debate about higher education being solely a centre of learning is, in fact, a distortion about what universities do: universities teach accountants, lawyers, architects, engineers. There are a whole range of vocational skills, not just academic approaches to learning and research, expanding one's mind and horizons.

**CHAIR**—We have had TAFEs, for example, that have expressed concern to us about universities offering training courses or VET courses of one sort or another, for what are seen to be basically economic reasons. Your concern is that you have got people trained to an appropriate industry standard, but implied in what you are saying is that perhaps universities ought not to be doing it.

**Mr Paterson**—That should not be implied from what we are saying because we believe in competition in the marketplace. If people want to compete in the marketplace, they ought to be capable of doing so. But the marketplace ought to be the same marketplace so that they should not have a distorted position in the marketplace which enables them to cross-subsidise from other activities from within the university—

**Mr NEVILLE**—Does that work both ways? If a TAFE college can deliver an academic course at the same standards of a university should the accreditation be total and equal?

**Mr Paterson**—I believe that that ought to be capable of being taken into account, and at least one TAFE college has offered a degree program.

**Mr PYNE**—Which TAFE college is that?

**Mr Paterson**—That was a TAFE college in South Australia which was offering a degree program in music. But it has been done and it has been recognised. I think there is a public policy argument about how you want to have degrees, and the standing with which degrees and other higher qualifications are pursued. That has traditionally been within a self-accrediting university environment that applies a level of academic rigour to the whole package of reforms. Certainly, if the same quality of outcome was capable of being delivered through a TAFE system, and if it could be delivered more efficiently and

more effectively through a TAFE system, there is no reason why that should not occur.

**Mr PYNE**—Some people would say that universities should be stopped from being able to offer a certificate for training courses and that TAFEs should not be allowed to expand into degrees or associate degrees or anything of that kind because there are inherent differences in the purposes of universities and TAFEs. That is not to run down TAFEs but to suggest that they have very distinct roles and that we need two very strong sectors doing their own thing well as opposed to doing what the other sectors are doing half as well. Do you agree with that?

**Mr Paterson**—I do not agree with it per se, because I do not accept the proposition that there are necessarily inherent differences in terms of what they offer. You can pursue accounting qualifications through the TAFE system and in many cases come up with comparable standards and comparable skills and abilities to those you might if you pursued an accounting degree through a higher education system.

It is difficult to make an across-the-board generic statement. I do not believe that you should exclude people from undertaking an activity in the marketplace as long as they are doing that on commercial terms and under a comparable set of rules. I do not say that you should stop universities offering less than degree courses. They have been offering less than degree courses for a very long time. Almost every university in this country offers lower than degree courses.

It is not just the non-sandstones introducing associate degrees; many of them have offered certificates and less than full undergraduate degree programs for a significant period of time. It has been heightened by the focus on having the vocational education and training offering and moving away from what the provider says they are going to offer to what industry is saying they want and the standards which they need to apply. If you were to say that TAFE colleges ought to have the opportunity of offering degrees and other higher qualifications and if you were to apply that same logic, then you should say that the private providers who could meet the same standard ought to be able to offer degrees as well.

**Mr PYNE**—Then if you do that you just have open slather, don't you?

**Mr Paterson**—Against a set of particular standards which then challenges the university to identify what those standards are. The challenge for higher education in the past has been that it would prefer not to have to answer to anybody as to what those standards are in relation to degrees. I think all members of the committee would recognise that an undergraduate degree in one field of endeavour may well deliver something substantially different from an undergraduate degree in another field of endeavour.

If you are going to open it up, then you have to be able to identify the standards that a particular provider—be it a TAFE college, a private provider or a higher education

institution—should meet. I think that may test the higher education institutions in a way that they might not be able to respond to easily.

**Mr SAWFORD**—I will put the specific question first and then the philosophical question next. Your submission supports a totally contestable VET system. Do you see TAFE as just another training provider? Do you see TAFE as having a particular role in second chance education? Do you see TAFE having a particular role in community service obligations? Do you think a totally contestable market will meet community service needs, and if you do, how would that be ensured?

**Mr Paterson**—I focused particularly on TAFE as a provider of vocational education and training, and particularly structured off-the-job training, to the extent that there is contestable publicly provided money. That is about 25 per cent of the TAFE market at the present time, which has the capacity to go to about 40 per cent of the TAFE market. As you develop new apprenticeships and new training packages, you can see some of the offering that is presently provided by the TAFE system moving to new apprenticeships under structured training arrangements.

There is the potential based on research that has been undertaken to press that to about 40 per cent of the total budget. That would leave about 60 per cent of the TAFE budget still providing second chance education, community service obligations, craft and other lifestyle endeavour training which it offers at the present time. Our focus on the contestable market is particularly in that 25 to 40 per cent potential on stuff that is clearly directed at meeting a specific industry need.

The broader public policy question of whether we should publicly provide second chance education, community service obligation education, craft or other lifestyle pursuits is not something that we have taken a strong or detailed position on organisationally. Any comments that I would make in that area probably move from me representing a view as chief executive of the organisation to me expressing some personal views.

**Mr SAWFORD**—There is nothing wrong with a personal view.

**Mr Paterson**—I think we need to examine in a bit more detail than has been done to date the extent to which we are genuinely meeting a community service obligation. It is a term used often in terms of the offering that is made by the TAFE system, but I do not know that it is tested.

**Mr SAWFORD**—I have a question in regard to apprenticeships offered by TAFE and not necessarily private providers. I think it might have been your organisation that actually made the suggestion that apprentices who were not indentured to an employer should have an opportunity to pursue their needs. Governments do not necessarily get predictions of job vacancies in the future very right; business does not get it right either; and the actual learning institutions do not get it right. We have had examples put to us

where there have been huge numbers of vacancies. Obviously, they are planning for the future. We cannot fill those positions in Australia, so we go overseas, which seems a little silly. For example, what is your view of TAFE's offering an indentured trade, say, in plumbing, as an electrician or motor mechanic or whatever, but without the young person being indentured to an employer? In other words, the student takes a punt on his future.

**CHAIR**—A full-time non-indentured training option with TAFE. The business chamber put that up to us.

**Mr Paterson**—It is an area where it is possible, but it will be the extent to which the TAFE institution can provide comparable on-job training and skills experience to enable that person to, in fact, genuinely demonstrate the skills and competence. An apprenticeship or a traineeship is not just about the time that they spend in off-the-job training. It is the time that is spent in the practical application of the skills acquired through that training program in a work environment, under the work pressures and in the teamwork environment that operates within a business.

Given the opportunity to do it, some would take it up but I think it would be a limited offering in a limited range, because you would only be able to do it in a TAFE college that had the full range of equipment that was likely to be used in a business environment. There are not that many TAFE colleges that have access to the full spectrum that might be available in the workplace and certainly not necessarily at the cutting edge of where that is being done. They might not be able to provide the ongoing tutelage.

I can think of good examples in TAFE colleges where they have substantial hospitality schools and they have students—apprentices and trainees—working within the catering facilities that are offered within the TAFE environment. So there are catering colleges operating within TAFE environments and I could see an unindentured apprentice taking a punt in an environment like that. So I think there are opportunities there. Would I see it being the dominant provision? Unlikely, but there is no reason why it should not be made available, if they can deliver the competency standards that are identified under that program of training and they can give the person adequate exposure to the experience.

One of the things in terms of work force planning in the past that you picked up on—and I do not think we have had enough experience under the new system to identify whether it will be different—is that, in the past, apprentices and trainees were limited at a state and territory level by declared vocations. Declared vocations were used at the state and territory level to limit the amount of public funding that needed to go to support apprentices and trainees, which meant, in most states and territories, that new trainees and new apprenticeships did not get up because they did not become declared vocations, which meant that the new work that is being done in information technology now and the work that is being done in finance apprenticeships and a lot of the work that is being done in the service sector was prevented from getting up by declared vocations. That is why we had training gaps within the marketplace.

The removal of declared vocations in all states and territories, with the exception of New South Wales, we believe, will open up that marketplace. So hopefully, there will be much more responsive work force planning, because industry will be able to get apprentice and traineeship training undertaken that meets the growing need of a developing economy not responding to the shape of the economy that might have been relevant 10 or 20 years ago.

**Mr SAWFORD**—Could I ask a philosophical question. I do not want this to go on; it is a little bit like the learning and training question. I think it is important in comparing private providers to public providers. We seem to be in an era of attacking anything that is regarded as a public good and anything that is a private good is regarded in a very high degree. We are also in an era where the principle of user-pays is high up there. We are also in an era where moral good and ethical good, in terms of a community, a society or a state, seems to be lessened.

In your submission, you fall into the trap, if I can say so, that, when you talk about private providers, there is no criticism at all. Private providers do this; private providers do that. We all know in the real world that private providers are not all good, some of them fall by the wayside and some of them are charlatans. In this ideological argument, which is in everything, there is a bit of a danger to the public system. The public system has offered our society great service over the years. That does not mean it should not be put under examination, but don't you think in the examination of the public utility of TAFE, the balance is quite wrong and that the private providers ought to be equally examined?

**Mr Paterson**—Taking your last point first, there is no question that the public provider and the private provider should be equally examined. That is consistent with our submission. We say that the training provider, public or private, ought to meet the same standard. I agree with you wholeheartedly that there have been private providers that have been charlatans, that have done training in motel rooms and that have been spivs basically. We say that a system that is based on a provider, public or private, demonstrating they have the capacity to deliver a program to the competency standard that has been identified and that they have the capacity to assess it to the standard which has been identified, is a much higher test than has traditionally been the case. Both public and private providers should meet that same test.

Our submission is not a criticism of the public provider. It is saying, 'We want training providers, public or private, to be more responsive to meeting the needs of industry.' Many of the training providers that have been at the forefront of change in meeting the needs of industry have been TAFE colleges. There are great examples around the country of TAFE colleges who are innovative, who are out there. In fact, many of the people who have been actively involved in the development of competency standards and assisting industry to develop its competency standards have been people from within the TAFE system who have recognised where the market is and have gone with the market. There are outstanding TAFE colleges with very strong relationships with industry groups

or industry sectors.

Ours is not a criticism of the public system. It is shifting the focus from you, if you were a TAFE college, saying, 'This is the training I will offer to you. This is the curriculum I will use and this is the time of the day that I will provide it to you. If that does not meet your needs, too bad,' to a system where we want them to respond to the competency standards that are identified.

The same standards of recognition should be there for the public provider and the private provider, which is not the position we had in the past. If anyone had an accredited curriculum, then the training provider went out and delivered it. That is where you saw the charlatan. That is where you did not get the demonstrated standards. You did not get the demonstrated assessment or the outcomes.

**Mr SAWFORD**—Thank you for putting that on the record because I think it is important in terms of your submission. If I were a TAFE person, I would feel as if you were putting forward an argument for private providers and that TAFE is a little bit passe. I am glad you put that on the record.

**Mr Paterson**—Certainly, if that is not clear, I would emphasise it for the record. We have been very strong supporters of engaging TAFE colleges in this process. Many of them have been extremely responsive and are training providers par excellence. There is no question of that. I am in fact presenting a paper before 300 TAFE institute directors in Sydney this afternoon. If I were anti-TAFE they would not have invited me and, secondly, I would not get out alive.

**Mr SAWFORD**—We will look for the death notice in the paper!

**Mr DARGAVEL**—One of the issues we have canvassed is the difficulty of TAFE courses being accredited for university style courses. My background is in metal industries, so I have a bit of an interest in this C1 to C14 model where you can, with national competency standards, theoretically go up to special class trade and then into, effectively, engineering.

The universities putting up barriers to articulation is a concern within that national competency model. Then we have them offering essentially competitive courses by way of associate degrees and so on. Is the imputation there that universities are resisting articulation because they do not want their market being bitten into? Is that essentially what you are asserting and, secondly, do you have any evidence of that?

**Mr Paterson**—You could certainly make that assertion. I think it is more to do with the willingness of the higher education sector to take on the concept of standards underpinning the offerings that they make, because the articulation within the steps that you were describing within the VET sector is underpinned by identified competency

standards. Once you have identified the competency standards at a particular level you have demonstrated your competence to perform at that level, so that can much more easily articulate into another program which has a similar demonstrated competency standard and demonstrated level of achievement.

The challenge for the VET and higher education sector is the unwillingness to underpin what is offered within the higher education sector by competency standards. I think that is the much more compelling issue in terms of articulation—it is the willingness to properly recognise the outcome. To some degree there is a bit of institutional jealousies and protectiveness that goes on, but the more telling question is when you focus on the standards and the unwillingness within the higher education sector to embrace the concept of the competency standards underpinning the offerings that they make.

**Mr DARGAVEL**—Okay. On a supplementary line of questioning, looking at the solutions to that reluctance to recognise the prior learning in the VET sector, what essentially do you see as the solutions to that, other than the usual prescriptions of market pressures and all the rest of it? Is there some model of RPL that can be applied or actively encouraged down the throats of the higher education sector?

**Mr Paterson**—There are two streams that I think will achieve change. One is the work that is being done on the Australian qualifications framework which has that framework linking school, TAFE and universities into the one integrated framework. Some more work needs to be done on the descriptors that are used in the higher education sector in that overall framework, and more work is being done. As I said, there is a Qualifications Framework Advisory Board that is chaired by Warren Grimshaw, a former executive director within education in New South Wales. He now heads a combined TAFE-university-senior secondary college campus on the Central Coast.

The work that is being done in that area will assist the process. But I think greater assistance will be provided to facilitate that sort of articulation if the non-degree offering that is made by universities is subjected to the same standards that the other providers have, because that will start to introduce the concept of competency standards underpinning those qualifications into the offering that they provide and we will see greater linkages. My support for that view is if you look at the combined campuses that have come together cooperatively, where they have a TAFE college and a university sharing the campus, starting to mix together some of the faculty between the university and the TAFE college and understanding their needs. I am trying to remember the name of the college in the west that has a combined TAFE college-university campus.

**Mr SAWFORD**—Edith Cowan.

**Mr Paterson**—And what is the TAFE college? It is Edith Cowan University and—

**Mr SAWFORD**—Western Australian Centre of Performing Arts.

**Mr DARGAVEL**—But subjecting universities to the same kinds of competency standards for non-degree courses does not answer the question about articulating, for example, your special class tradesperson, with the equivalent of an associate diploma through TAFE, into an engineering degree which is at the crux of that upper-end competency standards debate, isn't it?

**Mr Paterson**—It is. I am suggesting a way, from my perspective, that might facilitate that process rather than just trying to drive it head on, because the driving it head on challenge has not been met in the past.

**Mr DARGAVEL**—So your answer to that particular problem is in the first part of your answer, which is this review process?

**Mr Paterson**—Yes; the qualifications framework review is one element of it, and try and drive change by having the same set of standards applied.

**Mr DARGAVEL**—Thank you.

**CHAIR**—Mark, I want to go through four issues as concisely as possible. The first is the membership of the ANTA board. Is the chamber satisfied with it? Do you think that any groups ought to be represented that are not currently?

**Mr Paterson**—The ANTA board was structured to be industry led. I am there in an ex officio capacity at the present time because of my chairmanship of the National Training Framework Committee. The chairman is Stuart Honory, the deputy chairman is Bill Mansfield from the ACTU, and Bill has been deputy chair since its formation. There were until recently three other industry representatives: Jeff Ashton, formerly of Clyde Engineering, Stella Axalis, Managing Director of Bilcon Engineering, a small engineering business in Victoria, and Jenny Rixon, the owner and managing director of a clothing company in Brisbane. So there was a perspective from big and small sectors.

**CHAIR**—But is the chamber happy with—

**Mr Paterson**—We are happy with an ANTA board that is reporting to a ministerial council that is industry led. It is appropriate that senior industry representatives are on that board.

**CHAIR**—So you are happy?

**Mr Paterson**—Yes.

**CHAIR**—The next thing is vouchers, or student based funding, for post-secondary education, generally. Does that seem to be a bit of a theme in your submission?

**Mr Paterson**—We believe that further work needs to be done. We have used the label ‘vouchers’, but some form of universal entitlement needs to be examined. We have got the challenges of funding higher education and VET and I would not say in post—you said post—

**CHAIR**—You are talking about higher education as distinct from the VET sector?

**Mr Paterson**—I think that some work could be done productively in looking at some form of universal entitlement that goes from post-compulsory schooling through to higher—

**Mr SAWFORD**—Is it needs based, or just universal?

**Mr Paterson**—I think that it needs to be examined. We have not taken a firm position on it at this stage, but we believe that some further work needs to be done from post-compulsory, rather than post-secondary, because there is a cohort that fall out of the school system and do not get to year 12 that I think we have got to try and address early in the piece rather than later. Forcing those that are likely to fall out of the secondary system to remain in the secondary system and not produce a productive outcome is not necessarily from our perspective the best way of dealing with it. I am aware of some research that will be out in a few weeks that looks at the challenges for that particular cohort, so some form of an entitlement that travels with an individual could warrant some further consideration.

**CHAIR**—I was going to ask you about the attitude of the chamber to school based vocational education and training. Some schools offer it, and some schools offer particularly entry level VET. Some schools do not offer it at all, and some have told us that they struggle to provide it. From what we can see, sometimes there is duplication between facilities being provided by a geographically close TAFE. Should VET be offered at school? Who should be providing it? Should it be the school, or TAFEs? What role should employers have in that? If you think it ought to be provided, ought it be funded?

**Mr Paterson**—We are strong supporters of the development of VET schools to provide alternative pathways for people going through that still give them the greatest range of options as they progress through their schooling, while still enabling them to undertake options that do not cut off an avenue but having industry-recognised VET delivered within schools. To ensure that that articulation takes place, we wanted to meet industry identified standards so that you can ensure that if somebody has pursued some metals training within schools, that will articulate into a post-school apprenticeship or traineeship. So it is important that there is an alignment between what is delivered within the school environment and what the standards are that are expected post-school because there is little point in delivering something that is not valued or recognised by industry because it will not offer the employment underpinning.

**CHAIR**—So it is like the university stuff. If they are offering it, industry ought to be accrediting it and saying that it meets a standard.

**Mr Paterson**—Yes. There is a significant amount of work that has been done in that area. The Australian Student Traineeship Foundation, which has a number of industry representatives on it, is driving a lot of work in that area. I convene a group called the National Industry Education Forum, which is looking at industry working much more closely with the school system, not just on VET but on the school system in general. So there is an active interest from the business community in what happens in school and the full offering that is made in school and how you link in the VET offering within school—and we strongly support it—and that should align with what happens post-school.

We are supporters of part-time traineeships and apprenticeships being undertaken within schools so that people can commence a traineeship or an apprenticeship whilst still at school, but we think the dominant model in that area is most likely to be a VET offering within the traditional school curriculum arrangements. That then articulates with a post-school apprenticeship or traineeship.

**CHAIR**—Mr Sawford, I am sure, would probably like to ask you about career guidance for students. Is that being offered satisfactorily? If not, what should we do about it?

**Mr Paterson**—Our view would be generally no. It is often the teacher with the least teaching load that gets put into the slot of careers adviser.

**Mr SAWFORD**—We call it the short straw method.

**Mr Paterson**—That person does not necessarily have the skills or the talents to be able to undertake that role. It is an area that has been a perennial problem and will be a perennial problem whilst resources continue to constrain what is available. We think having school based VET will actually start to change the system. To have school based VET delivered, people within the school system have to have the competencies that are required for the delivery of that vocational education and training. That means you will have more people within the school system with a better understanding of the needs of industry.

**Mr SAWFORD**—I rang home last night and my wife informed me that the Liberal Premier of South Australia, John Olsen, made a statement about technical high schools. It seems to me that the academic high schools tried very unsuccessfully to incorporate what I call substantive VET programs because there is always this row in the school staff between the various faculties about where the money should be spent, where the energy should be and where the teaching resources are to be put. What is your view of—I do not mean in the 1950s or 1960s world—a technical school in the 1998 world?

**Mr Paterson**—We would not advocate going down that path in any substantive way because that cuts off pathways. In the models where that has been adopted, it tends to create a hierarchy within schools and distinguishes between academic institutions and technical institutions. It is the same challenge that you are confronted with in looking at TAFEs and universities; there is some separation between the two. We believe that integration of VET within the traditional offering from schools provides the greatest flexibility and opens up the greatest number of pathways.

I would say to the people within schools where they are arguing about where the money is spent that the money ought to be spent where it meets the needs of the students and that they ought to integrate that offering because, when they are offering VET within a school curriculum, they are not spending the resources that they would otherwise be offering some other arrangement. People who have looked at the introduction of VET have wanted any dollars that might have been allocated to the delivery of VET added on top of the system. There is substantial capacity to reallocate dollars within the system from activities that would not otherwise be undertaken.

**Mr SAWFORD**—But often choices are not made for that reason. The choices are made because the VET programs are expensive and it is much cheaper to put it in the academic.

**Mr Paterson**—I think some more work needs to be done to test that assertion to see to whether it is in fact more expensive.

**Mr SAWFORD**—I am just repeating what school people are telling me.

**CHAIR**—The Vice-Chancellor of RMIT said to us that TAFEs are very good at training people for today and yesterday but not for tomorrow. He then went on to say that TAFEs are constrained—his institution included—in being able to very quickly get up a training course and offer it in what you would describe as sunrise industries: multimedia, biotechnologies, certain health technologies, for example. Do you think the system is sufficiently flexible to achieve those objectives? We have emerging industries here that are coming out of significant research and development. Do you think they are able to deal with it? If not, is there a funding model that might assist?

**Mr Paterson**—Our view is that user choice and the move away from supply to demand will change the way they do it. The TAFE model of the past was about training for the past and not for the future; it was based on a curriculum that was written in the past, and it was not about meeting competency standards that could be enhanced and developed as you went forward with new and innovative technologies and the way businesses are now structured. I think that user choice and the shift in the system will make it much more responsive to be able to meet the needs of new and emerging industries.

The removal of the declaration of vocations restriction will enhance the capacity to do it much more flexibly and much more quickly. The fact that industry is saying, 'These are the training demands we have, and these are the standards we want,' means that it will be able to meet the expectations of businesses going forward, because they are not going to be specifying a range of skills and competencies they want that will not meet their need at the workplace. They are saying, 'These are the needs of the workplace; this is how you need to be able to respond to new and innovative industries.' I think that user choice and the shift in the system will make it much more responsive to the future.

**Mr SAWFORD**—The private sector employs 1.1 per cent or 1.2 per cent of under-20-year-olds; the public sector employs about 0.7 per cent. That is an appalling indictment of our nation's commitment to the employment of young people. What is your response to that?

**Mr Paterson**—I think there are two responses.

**Mr SAWFORD**—We talked about employment and getting ready for employment, yet the private sector does not employ under-20-year-olds, and the public sector is even worse.

**Mr Paterson**—The employment of young people in that age cohort you described is predominantly found in a number of industry sectors. So you cannot talk about the private sector as a homogenous grouping in terms of the way it employs, because young people outside of apprenticeships or traineeships are predominantly employed within the services sector, be it hospitality or retail.

One of the features of those two industries has been the retention of age based junior wage rates, which is a factor involved in the employment of young people. You have seen the significant increase—although it has admittedly slipped back now—in terms of retention rates to year 12, and so there were fewer people within that cohort available for full-time employment. There is much more post-school employment, be it in higher education or further education.

The report I referred to earlier that is looking at that age cohort has got some numbers in terms of where the employees are and whether they are otherwise engaged in higher education pursuits or studying activities, which can distort those numbers to some degree. But we have seen the fall-off in the employment of young people in a lot of industry sectors and particularly in those industry sectors where age based junior wage rates have been removed. Once upon a time, you saw them in many of our production facilities, and they were found in building construction and a whole lot of other industries, but they are no more. In large measure, our view is that that has been because of the change in the wage arrangements that apply. If you pay the same rate for a 16-year-old as for an 18-year-old and a 22-year-old, in many cases people make a judgment of taking on the 22-year-old.

**Mr DARGAVEL**—There is only essentially one sector where that applies, is there not? It is only in the construction sector that that applies. Age based wage rates apply in almost every industry in this country, and so I am curious about your assertion. In almost every award, we have still retained age based wages. In fact, the participation in the labour market of juniors appears to be inversely proportional to your proposition—in the sense that, relative to the adult rate, junior rates have gone down in the past eight years and, at the same time, their employment participation has also gone down. That observation must attract us to a conclusion that the wage rate debate is one of the more minor contributors. Perhaps one of your earlier points about retention rates in schools and so on is a more significant factor than wage rates are.

**Mr Paterson**—I do not want to debate the detail here, but I do not accept the proposition that they have been retained in all awards other than construction; but, certainly, construction is an area that used to employ a reasonable number of young people but that no longer employs those people. Nor do I accept the proposition that, in relative terms, the rates paid to juniors have gone down.

**Mr DARGAVEL**—They are very rarely paid above the award rate—according to the ABS.

**CHAIR**—Whilst not denying for one minute the importance of this particular issue, we are well and truly off the track. I am sorry, and I am not closing the discussion down for that reason, but we are late. Thank you very much, Mark. I appreciate you and the chamber providing a submission. If there is anything else that you wish to add, please feel free to write to us.

**Mr Paterson**—Thank you. If there is anything that the committee wants to follow up after today, I am happy to respond.

**CHAIR**—Thank you very much.

Resolved (on motion by **Mr Sawford**):

That this committee authorises publication, including publication on the parliamentary database, of the proof transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 10.10 a.m.**