



19 April 2013

Committee Secretary
House of Representatives Standing Committee on Education and
Employment
PO Box 6100
Parliament House
Canberra ACT 2600
Australia

COMMERCE HOUSE
24 BRISBANE AVE
BARTON ACT 2600

PO BOX 6005
KINGSTON ACT 2604
ABN 85 008 391 795

PH: 61-2-6273 2311
FAX: 61-2-6273 3286
WEB: www.acci.asn.au

Dear Sir/Madam

Inquiry into role of the Technical and Further Education (TAFE) system and its operation.

The Australian Chamber of Commerce and Industry, Australia's largest and most representative business organisation, takes this opportunity to provide a response to the House of Representatives Standing Committee on Education and Employment inquiry into role of the Technical and Further Education (TAFE) system and its operation.

Business and industry in Australia needs a skilled, flexible and motivated workforce that further contributes to productivity growth and drives innovation and economic development. ACCI is committed to building the capacity of the Australian Vocational Education and Training (VET) sector and ensuring that learning pathways through training to the workplace effectively prepare students for modern workplace practices.

Australia needs a robust VET sector capable of delivering quality outcomes that meet the skills needs of industry and boost workforce participation and social engagement. A strong system of both public and private providers operating in a client focussed competitive environment is needed to ensure that learners and employers are able to exercise choice in accessing the training they need where and when they need it. The growth in knowledge-based industries is placing greater emphasis on the importance of higher education and the acquisition of higher level skills to meet emerging skills needs.

Australian research indicates that in order to lift productivity Australia needs a deeper level of skills than currently exists in the Australian labour market¹. The Australian Workforce and Productivity Agency has found there is a widening gap between the expected supply of higher level skills and

¹ Skills Australia (2010). *Australian Workforce Futures: A National Workforce Development Strategy*

expected industry demand². ACCI believes that increasing the skill level of the Australian workforce across all occupations is crucial to achieving long term productivity growth.

The public VET system in Australia, the State and territory operated TAFE system, has played an important role in skills formation for Australians over many years. The network of Technical Colleges and vocational schools that once provided off-the-job training to apprentices on block release have gradually grown into large, multi-purpose campuses that offer education and training services ranging from basic literacy development and employability skills to disadvantaged learners through to higher education degrees and associate degrees.

However, as the role and offerings of TAFE has expanded, the VET market and client cohort has evolved significantly, employers and learners now require greater flexibility in when and where they can access training. Many employers and employees now seek to access training either in the workplace or outside of standard work hours. Individuals and employers now often seek highly specific skills or the ability to operate specific equipment relevant to the modern workplace. For many individuals and employers, institutional based offerings, with set hours of delivery offering more generic skills options do not suit their needs or their availability and training providers who offer flexible learning programs, either on-line, in the workplace, or at times the suit the learners, have moved to capture this market.

One of the key components of a demand-driven VET system is the flexibility and responsiveness of the system as a whole. Flexibility in training delivery is essential for lowering the overall costs of training to both industry and the individual. Training that occurs on-the-job, or outside work hours, significantly reduces the burden of lost wages for individuals and lost productivity for business. More competitive market arrangements will encourage providers, including TAFE, to deliver more flexible options.

One constraint on the flexibility and responsiveness of many institutes is the governance and funding model under which they operate. Universities are largely government funded and operate within a policy driven environment with a rigorous quality framework, yet operate with significant autonomy. In contrast, state and territory governments in most cases, exercise relatively tight controls over the operation of TAFEs and do not allow any real degree of autonomy for the TAFE. ACCI believes that there would be benefit in uncoupling TAFEs from their departmental overseers and allowing individual institutes to operate autonomously, with industry led Boards and academic specialists overseeing the day-to-day operation of the TAFE.

ACCI believes that TAFE plays an important role, alongside other not-for-profit and private training providers in addressing high levels of social disadvantage through publically funded entry level training options to address youth unemployment, return to work transitions for the long term unemployed and job readiness for people with

² Australian Workforce and Productivity Agency (2013). *Future focus: 2013 National Workforce Development Strategy*.

disabilities to name but a few. TAFE also has a critical role to play in delivering services in regional areas. ACCI strongly believes that TAFE should be adequately resourced to maintain service delivery to disadvantaged groups and to regions where thin markets exist.

It is unrealistic to expect that TAFE maintain and upgrade technology and equipment that keeps pace with cutting edge commercially driven industry. It is also in the interests of business and industry to make sure that the key trainers have equipment and the people able to help train students to use it. A role exists for TAFE, and VET more broadly, in supporting the adoption of new innovations and emerging technologies by fast tracking the availability of skilled workers to industry. It is therefore vital in the emerging knowledge-based high skilled economy for TAFE to explore new forms of industry collaboration and partnership. ACCI believes that there is scope for many TAFEs to build partnerships with industry and other private training providers to access equipment and training facilities, share training resources and provide professional development opportunities for staff.

TAFEs play an important role in the social and education fabric of the community by offering a broad range of educational offerings that enhance life skills and employability, develop highly technical and specialised skills, and offer a transition point for many graduates to move into employment. The pressures of constrained government funding and increased competition have forced many TAFE institutions to ensure that their offerings are directly relevant to what employers and individual learners , leading to improved learning outcomes, more efficient operations and a better skills match between the training conducted and the skills in demand in industry. ACCI supports a strong competitive and dynamic training market, made up of public and private training providers that are capable of delivering the skilled individuals needed to further develop and grow the Australian economy.

Your Sincerely,

Stephen Bolton

Senior Advisor – Employment, Education and Training