



Tomorrow's TAFE

Delivering future skills today

VET infrastructure
in a changing world



VET infrastructure in a changing world

TAFEs in Australia, and VET providers around the globe, face an uncertain future. As the world of work evolves, our institutions face increased competition, a changing policy landscape and growing student and industry expectations. How we learn, teach and work will look very different in the future, yet decisions on the built environment need to be made today.

Strategic infrastructure decision making is challenged by:

- **An increasingly competitive VET market.**

Victorian TAFEs' share of the VET sector has steadily reduced in recent years, resulting from increased competition from both private RTOs and universities. TAFEs are under continual pressure to reflect on, adapt and refine their operating models – an appropriate infrastructure strategy is key to remaining competitive.

- **As TAFEs increase their focus on a diversified income base, the ability to attract international students becomes increasingly important.**

World class infrastructure and innovative training delivery, together with an appropriate on-campus student experience, is critical to attracting the international student market and increasing TAFEs' revenue base and self-sustainability.

- **A focus on priority areas for the State and nation that align with job transition opportunities, particularly those facing declining job prospects, is critical.** A campus strategy and infrastructure that facilitates collaboration and partnerships with industry and government, including specific centres of excellence is, no longer an objective but a necessity.

- As public sector organisations operating in a contestable market, TAFEs are subject to certain governance and legislative constraints that any infrastructure solution needs to be designed within. Astute capital investment prioritisation, together with innovative funding and financing structures, is necessary to deliver shifting infrastructure requirements.

- **Technology is changing the world of work, the nature of student and industry engagement, and learning, training and teaching requirements.**

An infrastructure solution that supports access to high-tech equipment, as well as enabling a mixed, digital learning and on-campus experience, and flexibility to dynamically switch between the two modes, is crucial.

- The Government's Skills First agenda has encouraged greater TAFE collaboration and leveraging the TAFE network for greater benefit. Opportunities exist to achieve potential efficiencies and a consolidated go-to-market brand (e.g. with international students). Infrastructure strategies that support higher utilisation and sharing of specialist equipment and facilities between TAFEs, create an opportunity to attract a greater share of the total market, while providing an additional revenue generation opportunity and reduced overhead.

- **Ageing and inappropriate infrastructure is common, failing to support quality, innovative and engaging teaching and training services.**

Creative solutions for funding, renewal and ongoing maintenance of existing assets are required.

The TAFE of the future will look very different from today. To meet their strategic visions, leaders must set clear infrastructure plans to enable a flexible, agile and innovative campus. Change is inevitable.

How we can help

Multi-campus design and infrastructure needs analysis



- Understanding the service need and how this relates to infrastructure requirements
- Accommodation flexibility for changing requirements and innovation
- Asset optimisation, including re-configuration / divestiture, 'need to own' vs. 'need to access'
- Investment prioritisation and macro capital requirements
- Commercialisation identification / commercial revenue opportunities
- Capital recycling / optimisation of balance sheet assets

Investment decision making



- Feasibility analysis and use of data analytics
- Masterplanning
- Service need preparation
- Business cases development
- Market sounding
- Procurement strategy

Procurement of new / retained & repurposed infrastructure



- Transaction Management
- Functional brief development
- Services specification / operational performance
- Preparation of tender documentation
- Tender evaluation and negotiations
- Commissioning support
- Management and execution of commercial opportunities and complementary developments

Commercial structuring & financing



- Capital requirements and capacity
- State contribution vs self-funding
- Balance sheet vs structured finance
- Cost of capital vs risk allocation
- Level of required control / land tenure considerations
- Taxation considerations / optimisation for private partners
- Accounting considerations including net debt implications



Commercial collaborations / partnerships



- Development of industry collaboration frameworks and identification of opportunities
- Targeted connections within KPMG's expansive network to support new relationships
- Assessment of accommodation and equipment requirements
- Commercial arrangements (access agreements / IP / leasing of space)

Real estate / Surplus property strategy



- Strategic objectives and high level commercial principles
- Property transaction analysis
- Asset divestment
- Sale and leaseback
- Commercial alignment development
- Commercial opportunity identification and realisation (industry collaboration / student accommodation / childcare / complementary student services)

Project Controls & Asset Management



- Project risk management, controls and reporting
- Portfolio governance and performance
- Project performance audit and assurance
- Strategic asset management plans
- Maintenance strategy and opex optimisation
- Reliability engineering
- Asset audits and alignment of physical and financial asset registers
- Building due diligence, including, condition status and BCA compliance
- Contract assurance and development of contract management frameworks

Infrastructure enabling

- an enabler for innovation, student experience,

Overarching Education

Strategies to address changing priorities for teaching, training and engagement

Refinement of strategic institutional objectives and directions, incorporating e-learning, digital transformation, high-tech equipment and innovation

Incorporation of student experience and industry engagement within strategic plans

Role in supporting key government policy statements, including Free TAFE



Specialist c



VET strategists



Data analytics and business case specialists



Infrastructure and property procurement & transactions



Industry collaboration expertise



Technology and innovation specialists



Accounting specialists



ing future skills today

industry partnerships and improved job creation

on & Training Strategy

Increased collaboration with industry and pathways to higher education, including access to KPMG's global network

International strategies, including overseas partnering arrangements and international student recruitment

Optimisation of governance and teaching structures to deliver overarching institutional objectives

Campus directions statements, including better utilisation of existing infrastructure and new technologies



Capabilities

Capital structuring and debt advisory



Transaction services and due diligence specialists



Taxation and commercial structuring specialists



Transaction managers

Chartered building surveyors



Licensed Real Estate Agents and qualified property valuers



Contract assurance and performance auditors



Asset managers

Case studies

Some recent case studies illustrate the variety of services that KPMG's professionals are delivering to clients.

Case Study

KPMG Role

The importance of TAFE to Victoria's prosperity VTA Report

KPMG was engaged by the Victorian TAFE Association (VTA) to undertake an assessment of the social and economic contribution of TAFEs to Victoria's prosperity. The report is publicly available: <https://www.vta.vic.edu.au/about/news/item/416-media-release-launch-of-major-report-on-the-importance-of-tafe-to-victoria-s-prosperity>

Commercial advice and business case for TAFE property development

KPMG provided commercial, financial and strategic advice, as well as negotiation support for a proposed high profile development adjoining existing TAFE assets.

The development will be undertaken in collaboration with a private sector partner, requiring the development and negotiation of commercial development terms and business case for Board and State approval.

Commercial and financial advice on structured sales process for TAFE campus re-opening

KPMG acted as lead commercial and financial advisor to the divestment of a surplus educational site (consisting of a very large allotment of land) to another institute to re-establish a TAFE and higher education precinct. The project incorporated the delivery of educational services while promoting complementary commercial development on the site.

TAFE campus re-opening commercial and financial strategic advice

KPMG provided commercial and financial advice to assist in the consideration of options to re-establish a TAFE and higher education precinct in Melbourne.

Accommodation technical due diligence

KPMG SGA was engaged to provide Technical Due Diligence inspections for an Institute's 71 accommodation services properties.

Key Activities

- Extensive consultation with Victorian TAFEs, including data collection
- Computable General Equilibrium economic modelling
- Input from KPMG’s domestic and international VET experts
- Case study development of tangible impacts of TAFE
- Literature review

Benefits

- Understanding the social and economic contribution of TAFEs, in particular to Victorian growth industries, vulnerable cohorts, and local and regional communities.
- Increased public awareness of “the vital role TAFE plays in delivering workforce skills for employers and enabling Victorians to get the qualifications they need to secure well-paid jobs in our fastest growing industries,” Minister for Training and Skills.

- Development and negotiation of key commercial principles
- Development of commercial terms with private partners
- Assessment of funding requirements and return on investment
- Development of a business case seeking funding for the TAFE’s contribution to the development

- Facilitation of pragmatic, balanced and commercial discussions to support positive relations between project partners (including as between Government and the private sector).
- Identification of key project benefits including significant benefit for the institute in pursuing its involvement in commercial arrangements with the private sector.

- Upfront advice in relation to the structure of the transaction process
- Targeted market soundings to inform the transaction process
- Demographic analysis
- Commercial principles development
- Drafting of the Request for Proposal (RFP) and other transaction documents
- Evaluation of Proposals
- Negotiation of commercial arrangements

- Commercial structuring of an integrated site solution including adaptive re-use of existing facilities and realisation of commercial development opportunities for increased precinct amenity, student education benefits (industry training integration) and reduced net funding requirements.
- Utilisation of a diverse range of skills across transaction management, real estate and education advisory services to deliver holistic advice for the successful delivery of a renewed education campus.

- Community consultation
- Demographic analysis
- Existing facility functionality inspection, assessment and testing
- Commercial structure planning
- Campus Master Plan redevelopment

- Provision of high level Educational Services Plans for inclusion in the business case
- Development of a Campus Master Plan outlining the financial impact of providing education services on campus
- Development of appropriate commercial structures to support delivery

- Internal/ external building inspections
- WHS analysis
- Condition reporting
- Lifecycle CAPEX forecasts

- Provision of an overall WHS assessment of the buildings
- Campus-wide cost estimates for upgrades and maintenance
- Understanding the client’s budget constraints to deliver cost effective solutions

How KPMG can help

Our multidisciplinary team offers the necessary specialist skills, industry experts and global resources to provide in-depth advice. We will work shoulder to shoulder with you to deliver innovative infrastructure solutions that help you meet your learning, teaching and training objectives.

KPMG understands issues specific to the VET sector and we will apply our deep industry knowledge and commercial expertise to identify and solve your infrastructure and accommodation challenges.

Contact Us

Our team has experience in multiple aspects of VET infrastructure including campus strategy, precinct regeneration, development in partnership with industry and project procurement.



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