

Victorian TAFE
Association



Commentary

Foundations for the Future

*Draft Proposals for Future Governance,
Architecture and Market Design for the
National Training System*

April 2009

Victorian TAFE Association
Level 3, 478 Albert Street
East Melbourne, Victoria, Australia
May, 2009

VICTORIAN TAFE ASSOCIATION COMMENTARY

FOUNDATIONS FOR THE FUTURE – DRAFT PROPOSALS FOR FUTURE GOVERNANCE, ARCHITECTURE AND MARKET DESIGN FOR THE NATIONAL TRAINING SYSTEM

PREAMBLE

Victorian TAFE Association (VTA) welcomes the opportunity to comment on the current Position Paper *Foundations for the Future*.

VTA members, including four multi-sector Universities and fourteen stand-alone public TAFE Institutes actively partner with industry to deliver training, assessment, advisory and consultancy services to employers, governments, community organisations and individuals nationally and internationally. VTA represents Victorian TAFE Institute Boards and CEOs.

VTA in this response draws on submissions directly to VTA from our members on this subject and on the views of Victorian TAFE providers attending a focus group convened in May 2009. VTA members may respond individually to the discussion paper to highlight areas of particular interest to their organisations.

This response is made in the context of COAG's policy directions for VET and Ministerial intentions to form a single tertiary education sector Ministerial Council, with representatives from all tertiary education and training systems. This response is also framed in the light of VTA members' experiences as public entities operating in a competitive and increasingly contestable VET market in Victoria, with governance arrangements that offer relatively high levels of independence compared with TAFE providers in other states and territories.

The principles and objectives to apply to future governance of the National Training System described in the Position Paper and emphasise on the strategic leadership role of industry are strongly supported by VTA. The critical importance of industry to VET cannot be emphasised enough. VTA welcomes Skills Australia's affirmation of the importance of continuing 'to support the capacity of public providers'.

Key messages from this commentary are:

1. The VET sector is distinct from higher education. The VET sector though cannot be viewed as homogenous. TAFE providers are part of the fabric of communities and help shape and influence workforce planning and development in communities and regions. This differentiates TAFE providers from other providers in VET and this distinction cannot be overlooked in framing governance arrangements for VET across Australia.
2. The proposed governance arrangements need to ensure that advice to the Ministerial Council includes intelligence gathered not just from industry but also other sources such as TAFEs, local government and state government departments responsible for long term planning and development in communities and regions. TAFE providers' expertise in life-long learning and

- their sophisticated knowledge of industry can contribute valuable intelligence and are legitimate conduits for advice to the Ministerial Council.
3. The voices of industry across the spectrum need to be heard on any body advising the Ministerial Council. VTA strongly supports representation by pre-eminent individuals of micro, small and medium sized businesses on any body advising the Ministerial Council. VTA proposes the peak body be known as a Representative Advisory Body.
 4. Any VET regulatory body needs to have an ear to the ground requiring intimate knowledge and capacity to act quickly to address quality issues. Guided by the details in the Position Paper, VTA prefers a system of networked regulators to one national regulator.
 5. VTA congratulates Skills Australia's commitment to strengthening the AQTF to ensure improved safeguards and enhanced quality of outcomes. VTA asks Skills Australia to consider the creation of the office of a VET Ombudsman with authority to initiate investigations, investigate complaints or suspected breaches of AQTF Standards.
 6. A degree of government intervention, including purchasing levers, will be required in Australia's VET system to match workforce development to strategic skills needs.
 7. It is critical that any national reporting is based on thoroughly researched metrics appropriate to the VET context and that transitional arrangements are in place to ensure systems are enabled to source data from consistent bases. VTA assumes that all players in the tertiary sector will report comparable data to inform public choice.
 8. VTA is of the view TAFE Boards should be empowered, unconstrained by current policy settings and state governments should review the scope of their governance roles.

THE DISTINCTIVE NATURE OF VET

VTA applauds Skills Australia's conviction that 'vocational education and training is distinctive and unique, with a role for industry woven into the fabric of the sector (and) these characteristics need to continue to be guaranteed'¹ in a more integrated tertiary sector in Australia.² In this context, Skills Australia has distinguished VET from the other key element of the tertiary sector – higher education.

Within the VET sector there is a diversity of players contributing to the skills development of Australia's current and future workforce. Training provision occurs in workplaces, private and public VET organisations with partnerships between training providers and industry a feature of VET. The size and scope of delivery of training providers varies enormously from owner-operators in niche domestic markets to large, multi-campus organisations operating on-shore and off-shore. While the VET sector's primary focus is the delivery of skills training, TAFE providers are part of the fabric of communities and accept responsibilities for social inclusion, strategic community and regional development.

¹*Foundations for the Future*, Skills Australia, 2009 p. 2

² In the absence of a description of the tertiary education sector, the commentary is based on an understanding that it would include among the stakeholders all higher education providers, private and public registered training organisations (RTOs).

Anecdotal information from VTA members suggests that on the whole industry looks to the immediate future in terms of skills formation and deployment – the current recession providing many examples of apprentice retrenchments and the consequent need for governments to intervene with incentives for employers to retain and build the skills of these young people for the longer term. TAFE providers, as parties to strategic planning in communities, help shape and influence VET, industry development and workforce planning and development in those communities.

TAFE, often in conjunction with local and state government, plays a role in building the skills of communities so that industry can be attracted to invest. For example, the area of Wallan approximately 45 km north of Melbourne will undergo massive population growth in the next few years and planning around education and training provision is occurring now, including for skills leading to industry attraction and investment. Local TAFE providers are integral to those processes.

VTA is concerned that the proposed governance arrangements outlined in the Position Paper will not tap into strategic regional and community planning occurring throughout Australia and will not be factored into the intelligence gathered and fed through to the Ministerial Council. As stated in Foundations for the Future (page 24), planning involves not only good quality information – both top down and *bottom up*. The proposed governance arrangements, including any nation-wide network, need to ensure that advice to the Ministerial Council includes intelligence gathered not just from industry but also other sources such as TAFEs, local government and state government departments responsible for long term planning and development in communities and regions. TAFE providers understand the social dynamics in their communities and can provide advice on strategies that can be used to increase participation particularly by those from lower socio-economic groups. Victorian TAFE providers, for example, have vast local networks of employers – small, medium and large – and interact with industry, employers and Local Learning and Employment Networks³, often on a daily basis.

TAFE providers' expertise in life-long learning and their sophisticated knowledge of industry can contribute valuable intelligence to a robust evidence base to inform planning to meet Australia's skills needs. TAFE is best placed as experts to structure training and learning. TAFE providers and other key community agencies are legitimate conduits for advice to the Ministerial Council.

PROPOSED GOVERNANCE MODEL

Reflecting on the proposed governance model, VTA suggests that rather than describing a 'Peak Industry Advisory Group' that the language might refer to a 'Representative Advisory Group'. The latter could broaden the membership beyond employer and employee organisations to include expertise from other agencies as sources of high level of advice on workforce, community and regional development. 'Peak' industry implies the membership will be restricted to organisations such as AiGroup, ACCI, BCA etc. The Position Paper suggests this is not the intention.

³ LLENs exist to help improve education, training and employment options for 15–19 year olds, particularly those at risk of making poor transitions from compulsory schooling to the next stage of their lives and careers. There are 31 Local Learning and Employment Networks (LLENs) in Victoria. For further information <http://www.llen.vic.gov.au/>

The VTA strongly endorses the view that effective and efficient national stakeholder networks need to be resourced to provide advice from the bottom-up. TAFE providers in their dialogue with owners of small and medium sized business are quizzed about the processes that have resulted in the particular content of units of competence in Training Packages and are critical that the outcomes don't represent the skills they need. It is acknowledged that not every individual need can be accommodated but there are sufficient anecdotal examples to cast doubt on existing processes to ensure the needs of small and medium sized enterprises are being heard. The voices of industry across the spectrum need to be heard rather than the voices of industry bureaucrats. VTA strongly supports representation by pre-eminent individuals of micro, small and medium sized businesses on any body advising the Ministerial Council.

VTA strongly endorses changes that will ensure rigorous, nationally consistent requirements for registration, auditing practices and providers' entry into the VET market but remains cautious about the proposal to have a National VET Regulator without more detail about the structure, operations and resourcing of that body. The funding for VET predominantly comes from the States and Territories, each regulating activities in that State/Territory. VTA has observed in interactions with the Victorian Qualifications and Regulation Authority, the intimate knowledge built by the regulator of the Victorian VET sector, translating into actions customised to state needs. A national regulator may be too remote and not fully cognisant of local needs. Guided by the details in the Position Paper, VTA prefers a system of networked regulators to one national regulator.

In relation to the integration over time of the National VET Regulator and the National HE Regulator, VTA reaffirms the view that, should this occur, the VET sector retains distinct and on an 'equal-but-different' footing with higher education. VTA also suggests that the wording of Recommendation (iii) be reviewed. To 'eventually integrate with those of higher education' may be read as a one-way integration – VET to absorb into HE. VTA suspects this was never the intent and suggests re-wording the language to ensure no ambiguity.

The Position Paper notes the importance of more effective national sanctioning of inadequate quality and short comings in current governance structures in this respect. VTA congratulates Skills Australia's commitment to strengthening the AQTF to ensure improved safeguards and enhanced quality of outcomes. One suggestion received by VTA to enhance VET governance arrangements is the creation of a VET Ombudsman. This role could be modelled on the Federal Workplace Ombudsman. The Federal Workplace Ombudsman has been effective in investigating complaints from employees and unions and taking strong action against employers not meeting their responsibilities. A similar role for VET could initiate investigations, investigate complaints or suspected breaches of AQTF Standards from, for example, peak bodies, providers, students, employers of students and state based regulators. The VTA requests Skills Australia to consider such an office.

In any outcome, effective quality assurance demands well resourced regulatory agencies.

REFRAMING THE FOCUS ON MARKET DESIGN

VTA members are very familiar with purchasing models for VET. In recent years Victorian TAFE providers have negotiated training plans with the State Training Authority based on quantitative and qualitative information about labour and skills needs in Victoria. VTA recognises that a purely student demand driven model for funding VET cannot ensure that industries' skills needs will be addressed and concurs that a degree of government intervention, including purchasing levers, will be required in Australia's VET system to match workforce development to strategic skills needs.

INFORMATION GATHERING

VTA acknowledges the importance of current, accurate information being readily accessible to users/potential users of VET services. The importance of performance measures that are relevant, meaningful and promote appropriate accountability to funding providers cannot be underestimated.

As public entities, Victorian TAFE providers already contribute data for reporting at the state and national level as well as publishing performance information in marketing and promotional activities including websites. Victorian TAFE providers provide annual reports to the Victorian Parliament. VTA is however cautious about providing unqualified support for the inclusion of performance and student outcomes information. Within the Victorian jurisdiction, VTA has been critical of benchmarking based on flawed methodologies. It is critical that any national reporting is based on thoroughly researched metrics appropriate to the VET context and that transitional arrangements are in place to enable systems that source data from consistent bases. VTA assumes that all players in the tertiary sector will report comparable data to inform public choice.

VTA requests the opportunity to be consulted on the appropriate measures and methodologies and reporting processes. At this stage, VTA members prefer that national performance reporting is limited to activities relating to publicly funded VET activities with some data the responsibility of providers to exercise discretion in publishing while other data can clearly be reported in the public domain.

The following guiding practices are proposed:

- Publication must be timely.
- Accuracy of the data and data collection processes must be assured.
- There needs to be a consistent measurement strategy over time. For users to make effective use of the measures, processes need to be in place to ensure comparable data inputs into the system.
- Performance measures are to be capable of being linked to whole-of-government strategic goals and objectives.
- Recording of data must be transparent including explanatory notes relating to methodologies and any limitations to using the data. Both qualitative and quantitative data should be used to assess performance.
- The measures and related data collection should be based on existing reliable data sources. (Note: VTA recognizes that system improvements may require new or amended data collection and requests broad

consultations occur to minimize administrative effort to implement such changes. Cost-benefit analyses should be used).

- Universal knowledge of the 'rules' for collecting data.
- The use of output based measures.
- Specific measures allied to measuring the 'triple bottom line' – economic, social and environmental impacts.

THE VALUE AND CONTRIBUTION OF THE PUBLIC PROVIDER

VTA welcomes Skills Australia's affirmation of the importance of continuing 'to support the capacity of public providers in terms of ensuring adequate core funding to cover community service obligations including promoting social inclusion, ensuring access particularly in thin markets, and funding infrastructure.' (Foundations for the Future, page 48). The TAFE sector expects government policy reforms that will enable Victorian TAFE providers to compete on a level playing field with other providers and be able to respond to the changing demands for training in a competitive and contestably VET market.

Victorian TAFE providers' governance arrangements as public entities already vary significantly to TAFE providers in other states. VTA is of the view TAFE Boards should be empowered, unconstrained by current policy settings and state governments should review the scope of their governance roles.

VTA, as the employer body representing Victorian TAFE Boards and Chief Executive Officers and Board Chairs, has breadth and depth of experience in governance arrangements for public providers in Victoria and is available to assist Skills Australia's research in this area.

RESPONSES TO RECOMMENDATIONS

In relation to the recommendations in Foundations for the Future, VTA offers the following responses:

- i. In-principle support.
- ii. Qualified support. Refer to comments above Proposed Governance Arrangements.
- iii. Prefer state-based implementation strategy. VTA suggests that the wording be reviewed. To 'eventually integrate with those of higher education' may be read as a one-way integration – VET to absorb into HE. VTA suspects this was never the intent and suggests re-wording the language to ensure no ambiguity.
- iv. Advisory framework to ensure breadth of advice including skills needs for future development of communities and regions.
- v. Reject a recommendation where the framework is based on the *scale and nature of employers' expenditure on training*. This metric is not a valid measure of training/skills development effort.
- vi. Support provided that rigorous quality processes and procedures are in place to ensure industry is getting the skills needed.
- vii. Supported.
- viii. Qualified support regarding the actual structure of a national regulatory framework.

- ix. Not supported without further details of *performance information*. VTA is not comfortable that a national regulator should be responsible for final endorsement of Training Packages.
- x. In-principle support and that the policy functions of the AQF Council are retained in some format.
- xi. Supported.
- xii. In-principle support. The core standards, yet to be identified, need to meet the expectations of State Training Authorities and not disadvantage Victorian TAFEs in the VET marketplace.
- xiii. Supported.
- xiv. Reserve comment.
- xv. Further details required on the nature of *provider performance and outcomes information publicly available*.
- xvi. These matters already under consideration in Victoria. VTA is of the view TAFE Boards should be empowered, unconstrained by current policy settings and state governments should review the scope of their governance roles.

VTA is pleased to provide further information to Skills Australia on the matters mentioned in this commentary.

David Williams
Executive Director
Victorian TAFE Association
3/478 Albert Street
EAST MELBOURNE
dwilliams@vta.vic.edu.au