

Victorian TAFE
Association



Inquiry into the role of Technical and Further Education system and its operations

Submission from Victorian TAFE Association

April 2013



Table of contents

Recommendations	1
Key Messages	2
Introduction	8
1/ The role played by TAFEs in the development of skills in the Australian economy ..	10
<i>A world class education and training system</i>	10
<i>The role of the public TAFE provider in a world class training system</i>	16
2/ The role played by TAFE in the development of opportunities for Australians to improve themselves and increase their life and employment prospects	19
<i>TAFE improving core skills</i>	20
<i>Servicing thin markets</i>	20
<i>Providing vertical and horizontal skills for diversity, flexibility and transferability</i>	22
<i>Changing lives</i>	24
3/ The role played by TAFE in the delivery of services and programs to support regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment	26
<i>Bringing community and economic benefits</i>	26
<i>Bringing individual opportunities</i>	28
<i>Reducing recidivism through vocational education and training programs</i>	33
<i>Youth Transitions</i>	34
4/ The role played by TAFEs in the operation of a competitive training market	38
<i>Community Service Obligations</i>	39
<i>Oversight costs borne exclusively by TAFEs</i>	41
<i>Servicing thin markets – revisited</i>	44
<i>New conceptual models in vocational education and training</i>	44
5/ Victoria: impact of State Government funding decisions on TAFEs' operations and viability	47
Conclusion	53
Recommendations	55
Key Contact:	55
Appendix 1	56
Appendix 2	61



Recommendations

The VET system is crying out for sound and appropriate underpinning principles not ad hoc inconsistencies across state borders. While VTA does not call for a nationalised VET system, we are calling for a greater degree of national consistency under the National Partnership Agreement in the treatment and underpinning policy principles applying to the role of the public TAFE provider in the contestable marketplace.

We should, in the national interest, have nationally approved and enforceable principles applying as the minima to public providers in the contestable marketplace.

It is imperative to ensure the integrity of the National Partnership Agreement as the minimum key underpinning principles have national application.

VTA proposes the House of Representatives Standing Committee on Education and Training recommends to the Australian Government, as immediate outcomes of the Inquiry,:

1. Acknowledgement of the role of TAFE providers as 'full service providers' and an appropriate level of funding for TAFEs as public providers to meet the costs associated with the relevant community services obligations, public expectations regarding equity of opportunities to access training and for facilities, governance, employment and compliance costs borne as public entities.
2. Consistent minimum eligibility requirements across states and jurisdictions to access government subsidised vocational education and training including:
 - a. The ability for students to undertake more than one government subsidised qualification at a particular level of the Australian Qualifications Framework if the qualification is linked to skill shortage areas or for reskilling where there has been industry failure.
 - b. Universal access to government subsidised qualifications linked to core skills of language, literacy and numeracy (foundation skills).
 - c. National agreement regarding the lifespan of a vocational qualification.
3. Review of funding models for government subsidised vocational education and training and the establishment of nationally agreed principles for provision of government funding for vocational education and training to ensure the skills needs of businesses are met at the local level.
4. To preserve the integrity of the TAFE system, VTA calls on the House of Representatives Standing Committee on Education and Training to recommend to the Australian Government a national inquiry into vocational education and training in Australia, led by eminent Australians. This enquiry will provide clarity of the role of TAFE and a vision for TAFE well into the future.



Key Messages

The following key messages are drawn from our submission:

1/ The role played by TAFEs in the development of skills in the Australian economy

- The Australian Government aspires for world class businesses to operate across all states and territories. Australia's businesses need to be supported by a *world class* training system. This view is held by industry, the public and has bipartisan political support.
- TAFEs demonstrate exemplary behaviours in partnering with industry to enhance skills development, promote innovation and assure quality outcomes.
- Victoria's TAFE providers are world class with the capacity to deliver on governments' workforce productivity agenda with the quality skills needed for world class businesses in the short-term, medium-term and well into the future. TAFEs meet the current and future needs of Australian businesses and industries and supports Australia's competitive advantages. They are:
 - Part of an integrated tertiary education system that maximises participation in education and well co-ordinated across sectoral boundaries.
 - Reflect a worldview that values higher level skilled paraprofessionals holding qualifications aligned to the learning outcomes of the Australian Qualifications Framework levels 5 and 6.
 - Have exemplary learning environments.
 - Are innovative and engaged in VET research and development.
- TAFE providers are the cornerstone for the development of skills and knowledge for the Australian workforce and contribute very significantly to Australia's economic, social and community wellbeing through local (state-wide), national and international vocational education and training activities.
- In 2012, Victorian TAFE providers delivered across the broad spectrum of the qualifications framework including certificates, diplomas, advanced diplomas, degree and at post graduate level. Victorian TAFE providers have led the delivery of vocational higher education qualifications for the past decade.
- TAFE providers are in a unique position to contribute to the long-term objectives of the Commonwealth, State and Territory Governments articulated in the National Agreement for Skills and Workforce Development by delivering the high quality, responsive, equitable and efficient training and training outcomes needed. TAFEs represent low risk to government for market failure because of the longstanding processes in place to ensure the delivery of quality programs to a balanced mix of local and international students, proven market success, and robust administrative procedures.



2/ The role played by TAFE in the development of opportunities for Australians to improve themselves and increase their life and employment prospects

- The role of the public provider is holistic including education and training, community support, social development and as an avenue for public policy implementation. TAFEs, as public providers of VET, support goals of social equity, economic efficiency, regional development, and have broader social and community obligations.
- Public providers offer a safety net to people in our communities that face barriers to education and training. VTA strongly endorses Skills Australia's proposal¹ that in an environment of increasing contestability, governments should clearly articulate the role of the public provider.
- Being a partner in building the core language, literacy and numeracy skills of the Australian workforce to national and international benchmarks is part of the remit of Victorian TAFE providers.
- TAFE is the face of Foundation training in the state of Victoria, supporting young people and low skilled adults to develop the core skills they need to participate in the workplace and in their personal lives. In 2011, 74% of Victoria's government funding in Foundation Skills programs occurred in TAFEs. In 2012, Victorian TAFEs provided the vast majority of training in this area capturing 67% of the state's government funded delivery.
- There is a public expectation of the government that training will be available in thin markets.
- TAFE providers have been part of rural communities for many decades and in most instances TAFE providers are the only tertiary education infrastructure in the regional/rural area. There are very strong relationships between TAFE and their regional and rural communities.
- The TAFE system has a significant function in regions to protect against market failure and as a lever of government policy in supporting regional and local initiatives
- TAFE providers are well placed to play a leading role in boosting regional tertiary participation and attainment to meet the future industry and educational needs of specific regions. To continue to support regional and rural communities, TAFE providers need a level of funding to meet the costs of delivery and funding mechanisms that recognise the scale of operations and nature of regional markets.
- TAFE is at the heart of lifelong learning through skills growth (building workforce skills for economic prosperity) and social learning (emphasising the importance of social capital and the role of institutions promoting growth on an equitable basis)
- The current funding mechanisms in Victoria allocate government resources to support employers' workforce development where the employee, other than apprentices, is engaging in learning only at a qualification level higher than any qualification already held. Employers' needs are not met holistically through workforce development strategies that are based on this model. Lifelong skill development may include linear pathways in accredited VET

¹ Skills for Prosperity a roadmap for vocational education and training, Skills Australia, 2011



training but equally it needs to be flexible and responsive to workforce changes that may be horizontal or tangential.

- The assumption that qualifications once gained are relevant for life is flawed. The VTA submissions to state-based reviews have raised the issue of the inability of people to access government subsidised training in Victoria by virtue of holding qualifications issued sometimes decades earlier in areas where the person has not worked for some time. A national understanding of the shelf-life of qualifications is urgently needed.

3/ The role played by TAFE in the delivery of services and programs to support regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment

- The TAFE system, government owned and not-for-profit, is the critical link to governments to achieving governments' policy objectives of access and equity in skills development and workforce productivity.
- TAFE providers, as parties to strategic planning in communities, help shape and influence VET, industry development and workforce planning and development in those communities.
- TAFEs, often in conjunction with local and state government, play a role in building the skills of communities so that industry can be attracted to invest.
- TAFE providers, as major employers in their communities, contribute to the economic wellbeing of those communities.
- 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.
- 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.
- By understanding and effectively responding to industry skill needs and shortages, demographic shifts and pressures, TAFE providers play a key role in maximising labour supply. TAFE institutes are also in a unique position to address the impediments to VET access, participation and successful outcomes faced by disadvantaged groups.
- TAFE providers invest heavily in support services to learners across a wide spectrum of society, some funded through specific grants, some funded through hard earned reserves. The workforce of any TAFE provider includes a suite of positions to support individual learners' engagement, learner progress and completion.
- TAFE providers are motivated to work with young people and particularly early school leavers to re-engage them in education. TAFE providers are the 'go to' destination for young people looking to further their education after leaving secondary schools.
- While TAFE providers play a big part in youth transitions from secondary schooling to tertiary education, they are equally strong in providing effective transitions from VET to higher education. TAFE providers have sustained strong linkages and partnerships with higher education providers, principally



universities. Many Victorian TAFE providers are higher education providers in their own rights.

4/ The role played by TAFEs in the operation of a competitive training market

- The Victorian TAFE system is structurally the most devolved and autonomous in Australia and TAFE institutions are leading performers against national measures.
- Victorian TAFE providers have embraced competition for 20 years; however they need clarity of understanding of their role and the expectations of the government as owner in the current policy environment.
- TAFE providers want and need governance arrangements that enable them to compete on a fair and equitable footing with private RTOs. VTA questions whether competitive neutrality is the correct benchmark when public providers are seen by the community and governments as drivers of public policy in VET.
- Different jurisdictions have different policy perspectives. This is confusing to the general public as it is to the VET providers.
- VTA maintains that a competitive training market and community service obligations (CSOs) are not mutually exclusive. VTA is very disappointed that the complex issue of identifying and measuring public educational providers' community services roles has not been progressed.
- Unless the scale and scope of CSOs can be unambiguously defined on a theoretical and practical basis, there is a danger that their application will be arbitrary.
- VTA argues that TAFE providers' abilities to compete in the VET market are hindered in a training system where a funding differential is not applied to recognising CSOs.
- In a competitive training market, TAFE CSOs must be funded as well as costs borne by public TAFE providers by virtue of being public entities. As with CSOs, there is no consistency nationally in government policy regarding the oversight costs of managing and operating public entities to meet government requirements. These costs must be identified and appropriately funded. The distinct costs associated with these accountabilities are borne by public entities in the VET sector but not by private RTOs. In a competitive training market, all costs borne by TAFE providers as public entities must be quantified and funded.
- If a competitive market for contesting government subsidies for VET is to remain, the platform for funding VET in the future, public policy needs to clearly articulate guidelines for funding VET in thin markets where the training is in the public interest and must be retained. These guidelines should not be ad hoc individual negotiation exercises.
- VTA does not believe that more public money needs to be invested in VET in Victoria but that the existing Government spend needs to be better targeted. VTA is not convinced that the one-size-fits-all approach to funding government subsidies under the Victorian Training Guarantee has had the desired effect of producing the skills needed by regional and rural economies.



- It is inconceivable that further determinations regarding corporatisation or potentially privatisation could be conducted without this essential element of economic determination. The value of TAFE to the Australian people can and must be quantified to inform future decision-making and inform the TAFE owners (Australian public) of the impact of governments' decision-making affecting VET. Further, there needs to be a comparative assessment of the return on investment of public money, once invested in public sector (not-for-profit) TAFE, which is now, and proposed to be more-so in the future, spent on private sector (for-profit) training.
- Ultimately, TAFE providers' role in a competitive training market is to contribute to the effective and efficient use of public funds for vocational education and training and to ensure access to and equity of vocational education and training. TAFE accepts the responsibility to provide VET in circumstances where private training organisations will not engage because of the costs involved. TAFE providers need to be resourced to provide these services.

5/ Victoria: impact of State Government funding decisions on TAFEs' operations and viability

- The bipartisan introduction of competition in vocational education and training was conceived to provide more people with more skills to meet labour market needs and to provide incentives for service quality improvement and improved efficiency in a legacy, public sector provision model. It was not designed to privatise VET.
- Clearly the policy architecture around eligibility, barriers to entry, quality control mechanisms and pricing formulas was insufficiently robust to control the system in Victoria.
- Reaction to perceived problems, blow-outs and rorts was not a re-examination of the policy base but almost constant tinkering with rules and reporting regimes that succeeded in seriously complicating things without stemming the flow.
- The removal of full-service provision funding to Victorian TAFE providers, price equalisation and stripping out of all but a few community service obligations meant little, if any, differentiation between public and private provision in future. The impact of the changes to funding TAFEs have the potential to severely impact on TAFE providers abilities to invest in professional development, new teaching and learning practices and cross-subsidise community services obligations.
- There is little or no prospect of delivery from the private or public sector in courses deemed low value, but for which industry has dictated an entry-level role in the national training system, and by means of which many disadvantaged learners proceed to find their first foothold in meaningful employment. Many TAFE providers have withdrawn from offering these qualifications yet in regional Victoria it has been reported to VTA there are skills shortages in these occupational groups.
- The community backlash to the cuts to TAFE providers' funding has been astounding. There have been over 1700 media reports on funding cuts to TAFE from 2012 and into the current year. Businesses and industry peak bodies have been outspoken in response to the funding cuts to TAFEs.



- To manage the market for VET purely by price is causing an apparent major disadvantage to women or causing them to change their preferred course of study and career aspirations. VTA is maintaining a watching brief on enrolment patterns in 2013 to identify any negative trends in enrolments by women. It stands to reason that where those fewer remaining courses continue, they will incur higher student fees.
- While exact figures are not known, conservative estimates are that at least 1500 TAFE staff have left the Victorian TAFE sector since the announcements of the funding cuts in May 2012 through redundancies or non-renewal of fixed term contracts. The impact has been severely felt in service areas with library opening hours being reduced, fewer customer service staff and fewer disability liaison officers. TAFE providers had to resource the cost of redundancies entirely from existing resources. Reductions in the staffing complement were typically between 10%-25%.
- Victorian TAFE providers have been adversely affected by the diminished reputation of VET qualifications once the public became aware of the behaviours of unscrupulous training organisations. The actions of these providers damage reputable private providers as well as TAFE and ultimately the integrity of Australian VET qualifications and a crisis in confidence among businesses of the quality of training outcomes
- The fundamentals required to underpin market design were not in place when the reforms were introduced, such as adequate information for students, suitable prices for courses, appropriate subsidies for providers and sufficient regulator mechanisms.



Introduction

This submission is made by the Victorian TAFE Association Inc. (VTA), on behalf of its members.

The VTA is the peak employer body for Victoria's TAFE sector. The VTA was established in January 1999. The Association has a key role in liaising with government at State and Federal levels on issues affecting Victoria's TAFE Institutes and multi-sector universities. VTA members include all Victorian TAFE providers: four dual sector Universities and fourteen stand-alone public TAFE institutes (6 based in metropolitan Melbourne and 8 based in regional Victoria).²

The VTA welcomes the opportunity to respond to the Terms of Reference for the Inquiry into the role of Technical and Further Education and its operation. This response will consider in turn each of the Terms of Reference. The response draws on information directly from VTA members for this and related Inquiries³ and on the views of CEOs, TAFE Directors and designated Executive Managers attending VTA consultations convened on 5 April, 2013 and 11 April, 2013.

Victoria's TAFEs, as public providers of tertiary education services, are critical to the economic prosperity of the Victoria, developing the future and current workforce and delivering on the Government's goals for tertiary education. A broad spectrum of programs is offered including:

- Employment skills programs which equip learners with essential skills required to effectively participate in the workforce including entry, apprenticeship, paraprofessional, advanced technical and advanced post-initial training including vocational degrees and post-graduate qualifications.
- Innovative programs for young people, the Victorian Certificate of Education and Victorian Certificate of Applied Learning for adults and young people as pathways to continuing education, training and employment.
- Language, literacy and numeracy (incorporating English as a Second Language) programs.
- Highly customised workforce development services for businesses.
- Vocational education programs for learners re-entering the workforce.
- Enrichment programs which meet personal development and special interests.
- Through partnerships, consortia and pathways to higher education.

² For more about the VTA and its individual members: www.vta.vic.edu.au

³ VTA submissions to Submission to the Productivity Commission's Report *Impact of COAG Reforms: Business Regulations and VET*, VTA submissions to VCEC Inquiry into the Victorian Regulatory Framework (2010 & 2011); VTA submission to the Essential Services Commission Review of Fees and Funding (2011); VTA submission to the Inquiry into Agricultural education and training in Victoria, VTA submission to the Expert Panel investigating apprenticeships for the 21st century (2010); VTA response to DEEWR project on the quality of teaching in VET (2010), VTA Submission to Creating a Future Direction for Australia's Vocational Education and Training (2010)



- International on-shore and off-shore education and services.

The Victorian Government took the lead in 2009 to transition to an entitlement model for vocational education and training (VET) provision in Victoria. A fully contestable market for VET subsidised training was introduced on 1 January 2011.

VTA is intimately aware of the impact of the introduction of an entitlement model within the scope of Victoria's successive VET policy frameworks.

VTA is uniquely placed to respond to this Inquiry as we represent all Victorian public providers of vocational education and training (VET). VTA members may respond individually to the issues paper to highlight areas of particular interest to their organisations.



1/ The role played by TAFEs in the development of skills in the Australian economy

A world class education and training system

World class businesses demonstrate the following skilling characteristics:

- Their workforces are more highly skilled, including a smaller proportion of low skilled workers;
- While all firms value employability skills very highly, world class firms put a higher premium than other firms do on technical competence;
- While they are wrestling with skills shortages like all firms, they are significantly less likely to have trouble finding people with the right attitude, problem solving skills, pride in their work and appropriate work experience, and
- There is no difference in the percentage of turnover devoted to training by world class companies but they are more likely to have formal skills assessment processes and workforce development plans in place.⁴

The Australian Government aspires for world class businesses to operate across all states and territories. Australia's businesses need to be supported by a *world class* training system. This view is held by industry, the public and has bipartisan political support. The question then is what are the characteristics of a *world class* training system that will provide Australian industries with the skills and knowledge to compete and flourish?

Specifically, a world class training system;

- is responsive to emerging industry sectors,

The sustainability of a world class VET training system is underpinned by training focused on current and future skills needs. This can only be achieved by ensuring that industry and enterprises' needs drive training priorities and delivery.

Dr. John Mitchell, Managing Director, John Mitchell & Associates, a weekly columnist to the *Campus Review*⁵ has presented many case studies where TAFEs demonstrate exemplary behaviours in partnering with industry to enhance skills development, promote innovation and assure quality outcomes. Dr. Mitchell was recently commissioned by TAFE Directors Australia (TDA) to author a series of case studies of TAFE institutes meeting industry needs and government goals. The publication *Reinventing service delivery* details five case studies. VTA commends these to the House of Representatives Standing Committee on Education and Employment. The case studies are accessible at

http://www.tda.edu.au/resources/ tda_reinventing_service_delivery.pdf.

⁴ *World Class Skills for World Class Industries, Employers' perspectives on skilling in Australia*, Report to the Australian Industry Group May 2006

⁵ See www.campusreview.com.au



- has qualifications with a high perceived value,⁶

NCVER report *Employers' use and views of the VET system 2011* shows high levels of satisfaction with the quality of training delivered by TAFEs.⁷

Table 1: Satisfaction with the quality of training delivered by main provider in the last 12 months, by type of training and main provider, 2009 and 2011 (%)

Type of main provider	Employers satisfied with the quality of training delivered by main provider	
	2009	2011
Apprenticeships and traineeships		
(Base: all employers with apprentices/trainees and using provider as main provider)		
TAFE	81.1	80.8
Private training provider	86.3	80.3
Industry association	95.5	80.1
Nationally recognised training		
(Base: all employers using nationally recognised training and using provider as main provider)		
TAFE	87.6	90.3
University	84.6	96.4
Private training provider	93.6	92.2
Government department or agency	80.5	82.1
Professional association	98.0	95.7
Industry association	92.4	94.2
Unaccredited training		
(Base: all employers using unaccredited training and using provider as main provider)		
TAFE	99.7	97.3
Private training provider	96.3	96.2
Government department or agency	91.7	94.1
Professional association	96.1	95.5
Industry association	99.8	93.0
Supplier/manufacturer of equipment and/or product	96.0	94.1

⁶ *Improving Vocational Education & Training the case for a new system, A Position Paper of the National Skills Standards Council, NSSC, March 2013*

⁷ See <http://www.ncver.edu.au/publications/2409.html>



- meets the current and future needs of Australian businesses and industries and supports Australia's competitive advantages,

Victorian TAFE providers can provide many examples of industry partnerships, research activity and supporting Australia's competitive advantage. For example:

The Air-conditioning and Mechanical Contractors Association (AMCA) and Box Hill Institute have come together to develop and deliver innovative education and training solutions to the industry through the Air-conditioning and Refrigeration Round Table Centre of Excellence.

Officially endorsed by the Hon. Peter Hall MLC, Minister for Higher Education and Skills and the Minister Responsible for the Teaching Profession at a briefing in March 2012, the partnership sees Box Hill Institute working alongside AMCA to administer a three year action plan to meet the growing demand for skills within the air-conditioning and refrigeration trades encompassing:

- *Industry VET Engagement*
- *Professional Development of Teaching Staff*
- *Trade and Post-Trade Training*
- *Energy Efficiency*
- *Integrated Technology Hub*

Industry VET Engagement Action Plan Summary

A broad based industry round table has been formed that comprises people from major companies in the air conditioning industry and leading VET educators.

Professional Development of Teaching Staff

An innovative and sustainable professional development program is to be established that will provide trade and other teaching staff with access to information about the latest industry developments in technology and practices.

Trade and Post-Trade Training

Based on skill needs identified at the round table, post trade training programs will be developed and made available to the industry by using delivery methods that employ the latest technologies. New courses and training programs will also be developed to meet changes generated from technology, environment and energy efficiency issues.

Energy Efficiency

Training programs will be developed so that industry operatives can administer the various rating schemes required to meet optimum energy efficiency levels.

Integrated Technology Hub

Currently under construction, the Integrated Technology Hub will be launched in 2013. The hub will operate with strong industry connections and will comprise state-of-the-art training facilities to reflect contemporary industry practices. The centre will provide leadership to the VET sector in Victoria and nationally.



On 21 March 2013, the Australian Industry Group (AiG) released the results from a survey on how the availability of STEM affected the operations of more than 500 Australian businesses.

The report, [Lifting our Science, Technology, Engineering and Maths \(STEM\) Skills](#) has particular resonance for the TAFE sector: 41 per cent of businesses surveyed indicated that they are having particular difficulty recruiting technicians and trade workers. Those businesses were concentrated in manufacturing, construction and services sectors. The report comments on the importance of STEM skills, “International research indicates that 75% of the fastest growing occupations require STEM skills and knowledge. Employment in STEM occupations is projected to grow at almost twice the pace of other occupations. These skills are critical for Australia’s national productivity and global competitiveness.”

Another AiG report ([When Words Fail: National Workforce Literacy Project – Final Project Report](#), (February 2012), notes “There are also concerns about STEM skills and apprenticeships. Ai Group research has indicated that 25% of apprentices are affected by low levels of literacy and numeracy issues which impacts on their capacity to acquire STEM skills. This has a significant impact on the Australian economy as ‘technicians and trade workers’ is the group most reported as experiencing skills shortages.”

The National Agreement for Skills and Workforce Development (NASWD) also outlines seven performance indicators, including one that is shared with the National Indigenous Reform Agreement. Indicator 3 - Proportion of working age population with adequate foundation skills (literacy level 3 or above):

The latest figures presented in the NASWD for this indicator relate to 2006 and estimate that 54 per cent of Victorians aged 15-64 and 56.5 per cent of Australians had a literacy level of 3 or above. In 2012, enrolments in government subsidised foundation courses across Victoria stood at 118,500, a 283 per cent increase since 2008. In 2012 Victoria’s TAFE providers delivered 67% of Foundation Skills and Languages Other Than English (LOTE) training, with 19% provided by private RTOs and 14% by Adult and Community Education providers. Foundation Skills and LOTE is the highest area of training for Victorian TAFEs at 27% of delivery.⁸

- is part of an integrated tertiary education system that maximises participation in education and well co-ordinated across sectoral boundaries,⁹

A feature of the Victorian educational landscape is mixed sector public tertiary education providers accredited to offer both vocational and higher education. These providers act as catalysts for the integration of tertiary education in the state.

⁸ Victorian Training Market Quarterly Report Full Year 2012

⁹ See http://www.skills.vic.gov.au/__data/assets/pdf_file/0003/162894/Report-advising-on-the-development-of-the-Victorian-tertiary-education-plan.pdf



Mixed sector tertiary education providers include, dual sector universities and TAFE providers offering substantial higher education delivery. In Victoria, dual sector universities, as TAFE providers, have high proportions of VET compared with Higher Education student enrolments. In 2012, Swinburne University of Technology 47%, RMIT 24% and Victoria University 50% of the enrolments are VET students.

As private higher education providers Box Hill Institute of TAFE, Chisholm Institute of TAFE, Holmesglen Institute of TAFE, NMIT and William Angliss Institute of TFE offer education across the spectrum of certificates, diplomas, English language courses, bachelor degrees and post graduate qualifications with increasingly significant proportions of enrolments in higher education programs. Higher Education enrolments delivered by TAFE have grown to nearly 1,600 or by 15 per cent in 2012.¹⁰ These providers have argued convincingly that they are a cost effective choice for Government and can help to achieve targets for attainment and participation by under-represented groups. VTA is supportive of the position put by these providers seeking recognition of their role in delivery of higher education, including funding for Commonwealth Supported Places and for consideration of the case for a new provider type. Change in this arena is warranted.

In addition to these examples of cross sectoral activities, all Victorian TAFEs have formal partnerships with universities. These may be linked to regionality, for example, Deakin At Your Doorstep (<http://www.deakin.edu.au/study-at-deakin/study-options-and-pathways/pathways-to-deakin/associate-degree-of-arts-business-and-sciences>), where Deakin University partners with 6 Victorian TAFEs including Chisholm, Advance, Goulburn Ovens, Sunraysia, South West and Kangan or to extend opportunities in regional communities to access higher education (eg University of Ballarat partnerships to deliver bachelor degrees throughout regional Victoria).

- reflects a worldview that values higher level skilled paraprofessionals holding qualifications aligned to the learning outcomes of the Australian Qualifications Framework levels 5 and 6¹¹,

The principle of lifelong learning is practiced by all Victorian TAFE providers with learning design characterized by careful planning of pathways to higher level skills paraprofessional qualifications at AQF levels 5 and 6 and beyond.

In 2012, 77% of enrolments at AQF 6 (Advanced Diplomas) and 45% of enrolments at AQF 5 (Diploma) in Victoria occurred through TAFEs.

- has exemplary learning environments,

Victorian TAFEs, like TAFEs across other jurisdictions, strive to ensure learning environments are designed to meet the expectations of all stakeholders and are underpinned by principles of access and equity. Committing to the principles of access and equity in the delivery of services is enshrined in the Victorian Government's Statement of Expectations (April 2013).

¹⁰ Victorian Training Market Quarterly Report Full Year 2012

¹¹ See

http://www.aqf.edu.au/Portals/0/Documents/Handbook/AustQuals%20FrmwrkFirstEditionJuly2011_FINAL.pdf



Victorian TAFE providers invest from their own reserves, and in partnership with other funding agencies, in infrastructure (buildings and equipment) to meet contemporary needs.

A one-size-fits-all approach to the configuration of learning environments is not appropriate. However, the following features will be evident:

- *Focus on the changing job market and build transferable skills in graduates.*
- *Simulate industry standard. Equipment and configuration of the workspaces will reflect international expectations. The industry advisory framework will inform the design. Overtime the MSDC will build, through the industry engagement strategy, partnerships to resource the provision of new equipment and tools. The Victorian Consortium is keen to explore local industry adoption of lean manufacturing practices and the imbedding of these practices into design of the MSDCs and curricula.*
- *Competency based learning and assessment whereby the competency standards articulated in the curriculum are developed in conjunction with industry.*
- *Are cognisant of individual learning needs and support for learning.*
- *Physical facilities will maximise participation by having the capabilities to be flexible to accommodating various needs.*
- *Sophisticated IT capacity.*
- *Integrated into real workplace activities.*

As examples, VTA refers the Committee to the Automotive Centre of Excellence (ACE), Docklands Melbourne (<http://www.aceauto.com.au/>), William Angliss specialist centre for foods, hospitality and tourism (<http://www.angliss.edu.au/>), National Water Resource training centre (<http://www.chisholm.edu.au/Industry/Facilities>) and the specialist centre for 15-19 year olds (<http://www.ballarat.edu.au/schools/ub-college/ubtec>)

- is innovative and engaged in VET research and development,

The National Centre for Sustainability (NCS)¹² provides strategic advice to business and communities on issues relating to sustainability.

The NCS is a collaboration of several educational institutions: Swinburne University of Technology (Vic), Sunraysia Institute of TAFE (Vic), Tropical North Queensland Institute of TAFE (Qld), South West Institute of TAFE (Vic) and Challenger Institute of Technology (WA). The NCS provides educational leadership and work in partnership with industry, government and the community to undertake program delivery, resource development, project work and applied resource, to support the development of sustainable practices.

Areas of expertise include triple bottom line reporting, environmental strategies, corporate environmental reporting, developing and implementing Environmental Management Systems, whole-farm planning, biodiversity surveys, program evaluation and environmental auditing. The NCS has also developed behaviour change programs for sustainability, Green Office Programs, development of resource material for

¹² See <http://www.ncsustainability.com.au/>



training purposes and providing environmental management advice for operational activities and training.

In addition, each of the NCS institutions offers specialist research capabilities in the field of sustainability.

The National Centre for Dairy Education Australia (NCDEA) is a partnership between Dairy Australia, the key service organisation for the dairy industry and Goulburn Ovens Institute of TAFE (GOTAFE). NCDEA Dairy Processing also works collaboratively with the Dairy Industry with implementation of industry research programs coupled with education and training, including joint appointments with Dairy Innovation Australia Limited. The NCDEA's objective is to deliver programs that provide dairy industry people with the skills, knowledge and competencies required to improve the productivity, profitability and sustainability of their businesses and the industry. GOTAFE has responsibility for program delivery and assessment across Victoria and provides a range of services to support the NCDEA nationally, including the development, maintenance and dissemination of curriculum and resources, support for partner training providers (14 nationally) and a lead role in the professional development of a national network of Dairy Industry trainers. This partnership was highlighted in the OECD Review of Higher Education, *the State of Victoria, Australia: Self-Evaluation Report*.¹³

Another example of TAFEs taking a pre-emptive or preparatory role by anticipating the needs of local communities (industry and social infrastructure) is Chisholm Institute of TAFEs initiative to design and implement learning programs in the local community in preparation for changes that will be brought about by the NBN. Chisholm has invested in courses and staff development for this service to be available with no guaranteed immediate return on investment. Victoria's TAFE providers are world class with the capacity to deliver on the governments' workforce productivity agenda with the quality skills needed for world class businesses in the short-term, medium-term and well into the future.

The role of the public TAFE provider in a world class training system

This submission is underscored by an unequivocal belief that TAFE providers are the cornerstone for the development of skills and knowledge for the Australian workforce and contribute very significantly to Australia's economic, social and community wellbeing through local (state-wide), national and international vocational education and training activities.

TAFE providers are large employers and have substantial local presence and standing. Australia's TAFE provider network is the largest and most diverse tertiary education sector in Australia with more than 1000 campuses located across Central Business Districts (CBD), suburban, regional and remote locations, with many institutes offering further services throughout the Asia-Pacific and other offshore regions.

¹³ State of Victoria (2010), "The State of Victoria, Australia: Self-Evaluation Report", *OECD Reviews of Higher Education in Regional and City Development*, IMHE, <http://www.oecd.org/edu/imhe/regionaldevelopment>



TAFE providers are in a unique position to contribute to the long-term objectives of the Commonwealth, State and Territory Governments articulated in the National Agreement for Skills and Workforce Development by delivering the high quality, responsive, equitable and efficient training and training outcomes needed. TAFEs represent low risk to government for market failure because of the longstanding processes in place to ensure the delivery of quality programs to a balanced mix of local and international students, proven market success, and robust administrative procedures. TAFE providers have met all the regulatory requirements, whether state based or national, since the inception of standards for vocational education and training. In parallel, many TAFE providers are recognised under other quality frameworks including ISO. All TAFEs are closely scrutinised by governments as the owners of the assets.

The high quality of TAFE delivery is evidenced by employer satisfaction (see Table 1, page 4) and student outcomes.

The NCVET 2012 Student Outcomes survey of TAFE government funded completing students notes high employment outcomes and satisfaction levels among the TAFE cohort including:

	%
Employed after training	76.1
Employed or in further study after training	88.3
Satisfied with teaching	91.3
Satisfied with assessment	90.4
Satisfied with generic skills and learning experiences	80.5
Satisfied with the overall quality of training	89.4
Fully or partly achieved main reason for doing the training	84.5
<i>Of those employed after training</i>	
Found the training relevant to their current job	78.2
Received at least one job-related benefit	76.9
<i>Of those employed before training</i>	
Employed at a higher skill level after training	21.4
<i>Of those not employed before training</i>	
Employed after training	44.3
Improved employment status after training	62.0

In Victoria, VET provision is divided between two distinct sectors: not-for-profit public entities (including TAFE providers) and for-profit registered training organisations (RTOs). Not-for-profit public entities differ markedly from many other Registered Training Organisations (RTOs) with respect to their defining characteristics. TAFE providers:

- are large, diverse, publicly owned institutions with prescribed accountability and governance arrangements,
- offer a broad student experience with individualised vocational and further learning options for a diverse range of students, both domestic and international,
- invest in social inclusion/community service obligations,
- deliver in a range of industry sectors and/or predominantly at tertiary level,



- emphasise industry relevance, currency and regional workforce development especially insofar as TAFE training and curricula are directly guided by industry requirements,
- are commercially orientated with dividends re-invested in education or for the public good,
- have an increasing role in higher levels of the Australian Qualifications Framework, development and delivery,
- operate primarily as State based institutions, and
- often have significant international operations on shore and off shore.

In 2012, Victorian TAFE providers delivered across the broad spectrum of the qualifications framework including certificates, diplomas, advanced diplomas, degree and at post graduate level. Victorian TAFE providers have led the delivery of vocational higher education qualifications for the past decade. VTA encourages the Committee to review the higher education offerings of Victorian TAFE providers¹⁴ and to review regulatory comments regarding the outcomes of these offerings. In 2012, Victorian TAFE providers enrolled 77% of the state's advanced diploma students, 45% of diploma students, and are the key providers of high value courses (skills shortages/specialist areas).

Victorian TAFEs offer accredited training from across all fields of education. The NCVER Australian VET statistics: students and courses 2011 – publicly funded training providers, *Table 3 Number of students and course enrolments by training provider and field of education, 2011 (Updated December 2012)*, shows, with the exception of William Angliss a specialist provider for foods, tourism and hospitality, TAFE providers deliver across all fields of education, unlike private RTOs.

¹⁴ See: Box Hill Institute of TAFE (<http://www.bhtafe.edu.au/courses/Pages/bachelor-associate-degrees.aspx>), Holmesglen Institute of TAFE (http://www.holmesglen.edu.au/programs/higher_education/higher_education_programs), NMIT (http://www.nmit.edu.au/course_info/degrees/higher_education/), William Angliss Institute of TAFE (<http://www.angliss.edu.au/Bachelor-Degrees>), Chisholm Institute of TAFE (<http://www.chisholm.edu.au/Courses> & enter keyword 'degree')



2/ The role played by TAFE in the development of opportunities for Australians to improve themselves and increase their life and employment prospects

The critical role of TAFEs as public providers of VET to support goals of social equity and economic efficiency and regional development is emphasised in the Skills Australia paper *Skills for Prosperity a roadmap for vocational education and training*. The Australian Industry Group submission to this paper states: “The (Skills Australia) Discussion Paper correctly raises the issue of TAFE’s broader social and community obligations. It is important not to lose sight of these when considering issues associated with contestable funding and entitlement models.”

The TAFE system in Victoria has extensive geographic and demographic reach in metropolitan, regional and rural areas with 111 campuses and training centres. TAFE providers play important roles in community and regional development initiatives going beyond working with enterprises to more holistic approaches that incorporate other partners such as community groups and government agencies. The Hon. Andrew Robb (Shadow Minister for Finance and former Minister for Vocational Education, speaking at the Victorian TAFE Association conference in May 2012, commented “as Vocational Education Minister I did come to greatly admire the commitment and the contribution that TAFE is making.”

Skills Australia¹⁵ summarised in terms of social capital, “the system enables local networks and partnerships across regions and communities through longstanding or new associations with small and large employers and community groups, and provision of services like libraries and student counselling and support.”

Victoria’s TAFE providers are government assets. As mentioned above, the role of the public provider is holistic including education and training, community support, social development and as an avenue for public policy implementation. Public providers offer a safety net to people in our communities that face barriers to education and training. VTA strongly endorses Skills Australia’s proposal¹⁶ that in an environment of increasing contestability, governments should clearly articulate the role of the public provider.

TAFEs’ capacities align to AWPAs priorities for tertiary education and in particular skills development:

- meeting industry demand for higher level qualifications
- supporting the less advantaged to participate in training and work
- addressing the clear and urgent need to improve language, literacy and numeracy skills.
- Strategies to support workforce development, quality and adaptive capacity

¹⁵ *Creating a future direction for VET: a discussion paper* (2010, page 85)

¹⁶ *Skills for Prosperity a roadmap for vocational education and training*, Skills Australia, 2011



- Provide high quality outcomes for occupations on the 2013 Specialist Occupations List (p163-5)
- Support for regional employment and workforce development

TAFE improving core skills

Since 'year dot' the TAFE sector has been charged with improving core literacy, language and numeracy skills (core skills) of the Australian workforce through interventions and programs to prepare people to enter training and work. The link between core skills and economic prosperity/improved workforce productivity is well understood and accepted. Being a partner in building the core skills of the Victorian workforce to national and international benchmarks is part of the remit of Victorian TAFE providers.

In Victoria, programs to build core skills are known as Foundation Skills programs. These programs pave the way for further study or training if the individual chooses to do so. The commitment by the Victorian government to fund all Victorians enrolled in VET Foundation programs, irrespective of age and prior education, is welcome.

In 2011, the highest number of government funded enrolments in Victorian TAFEs, representing 15% of enrolments, was in Foundation and Languages Other Than English (LOTE) programs. At the same time, Foundation and LOTE represented just 2% of enrolments by private RTOs. Enrolments in this category account for 10% of all VET government funded enrolments at Certificate I level and above.¹⁷ TAFE is the face of Foundation and LOTE training in the state, supporting young people and low skilled adults to develop the core skills they need to participate in the workplace and in their personal lives. The Victorian Government Victorian Training Market Quarterly Report links Foundation Skills training to employment outcomes (page 107). "Unemployment is also particularly high amongst people born in non-English speaking countries at 10.6% within the (Western Melbourne) region. Foundation training offered through VET is a key enabler for this group to gain employment."

In 2011, 74% of Victoria's government funding in Foundation Skills and LOTE programs occurred in TAFEs with 8% in private RTOs and 18% in Adult and Community Education providers (ACE). In 2012, TAFE still provided the vast majority of training in this area capturing 67% of the state's government funded Foundation Skills and LOTE enrolments.

Servicing thin markets

A thin market is characterised by having low demand and high price volatility. In the Victorian VET context, thin markets may occur because of low population density (regional and rural areas), small numbers of employers in the industry, workforce serviced by the training is relatively small and/or industry is dispersed. Some industry sub-sectors are very small and highly specialised (fisheries, boat building, engine reconditioning, AUSLAN, training for the golfing and equine industries, farriers, jewellery and bicycle repairs/maintenance). There is a public expectation of the government that training will be available in thin markets. In a contestable market for government VET funding as we currently face, due to the volatility of these thin

¹⁷ Victorian Training Market Quarterly Report Full Year 2011, p56



markets, suppliers are not clamouring to enter the market. It has fallen to public TAFE providers to deliver these courses even where funding mechanisms do not meet the staffing, infrastructure, materials and overhead costs.

Thin markets are easily identifiable in regional and rural Victoria. The importance of access to tertiary education for the growth and prosperity of Victoria's regional and rural communities was most recently highlighted in *Ready for Tomorrow* a blueprint for regional and rural Victoria (2010), the *Victorian Tertiary Education Plan* (2009) and the *Review of Australian Higher Education* (the Bradley Review) (2008). The latter two reports highlighted the complexity of regional delivery and the costs involved to ensure quality outcomes. In response to the Bradley Review, the Australian government examined the provision of higher education in regional Australia and in particular the regional loading. As an outcome of that examination, the Australian government announced in the 2011-2012 budget, increasing the regional loading by \$109.9 million over four years. This is a substantial change given the loading totalled \$31.8 million in 2010.

The challenges which the Bradley Review identified as being associated with the future sustainability and responsiveness of higher education in regional Australia are equally applicable to the provision of VET in regional and rural Victoria:

- The increased costs associated with the smaller scale of operations
- Relatively low student numbers
- A high proportion of students from a low socio-economic status background
- The difficulty of attracting students to study at regional campuses.

TAFE providers have been part of rural communities for many decades (some even over a century commencing as working men's colleges and mechanics institute) and in most instances TAFE providers are the only tertiary education infrastructure in the regional/rural area. There are very strong relationships between TAFE and their regional and rural communities. TAFE Directors Australia paper *TAFE's strategic leadership role in Regional Australia* (May 2011) describes the unique strengths of TAFE including:

- a comprehensive educational profile,
- a dual focus on addressing both local workforce skill requirements and the educational aspirations of individuals,
- being among the largest employers in most regional centres, and
- having close connections to local industry organisations and enterprises.

The TAFE system has a significant function in regions to protect against market failure and as a lever of government policy in supporting regional and local initiatives.¹⁸ Public providers operating in regions make a strong contribution to their local communities and to regional development, which is not well supported in current funding models.¹⁹ TAFE providers are well placed to play a leading role in boosting regional tertiary participation and attainment to meet the future industry and educational needs of specific regions. To continue to support regional and rural communities, TAFE providers need a level of funding to meet the costs of delivery and

¹⁸ Skills for Prosperity a roadmap for vocational education and training, Skills Australia, 2011

¹⁹ *ibid*



funding mechanisms that recognise the scale of operations and nature of regional markets. Regional TAFE providers report that they face:

- additional costs to maintain geographically dispersed facilities,
- public expectations there will always be a TAFE provider in the regional/rural community,
- staff travel to and between campuses and workplaces often across long distances,
- high proportions of students eligible for tuition fee concessions, and
- limited scope to offset higher course costs with other revenue streams from international students and fee for service activities.

Of particular concern to regional/rural TAFE providers in Victoria is the lack of sufficient support for retraining local people when industry leaves a regional area or where regional employment falters. Communities need sustainable industries. The question remains how can regional TAFE providers in Victoria add value to regional industry and community needs when the funding system is student led and graduates qualifications are not linked to initiatives of the regional area?

Providing vertical and horizontal skills for diversity, flexibility and transferability

Lifelong learning is the key to Victoria remaining competitive and maintaining and enhancing community prosperity. TAFE is at the heart of lifelong learning through skills growth (building workforce skills for economic prosperity) and social learning (emphasising the importance of social capital and the role of institutions promoting growth on an equitable basis).²⁰

VTA supports the intention to increase the number of people in training and to encourage lifelong skill development, however we maintain our long held view that the policy levers currently in place in Victoria that serve only to subsidise training where linear qualification pathways are being pursued is poor policy. This point was made in the VTA submission to the implementation review of *Securing Jobs for Your Future* in 2010. Successive Victorian governments have supported industry to access funding for training recognising the public benefit that ensues. The current funding mechanisms in Victoria allocate government resources to support employers' workforce development where the employee, other than apprentices, is engaging in learning only at a qualification level higher than any qualification already held.

Employers' needs are not met holistically through workforce development strategies that are based on this model. Lifelong skill development may include linear pathways in accredited VET training but equally it needs to be flexible and responsive to workforce changes that may be horizontal or tangential. Structural change that is occurring in many enterprises, particularly the 'flattening' of organisational structures, is removing traditional career pathways that see people progress in a linear manner from entry level positions through to supervisory and finally managerial roles. Satisfactory career pathways may be forged through lateral moves that would see workers, for example, moving from technical to administrative roles or

²⁰ Allen Consulting Group *The Complete Package – The Value of TAFE NSW, 2006 page iv.*



vice versa. The opportunity to broaden skills or change career directions within an enterprise or to change work locations also represent career-changes, and growth, for younger workers.²¹ Taking what may appear to be a step back, or sideways, before taking a step forward (non-linear pathways) in the qualification hierarchy is also a legitimate learning pathway leading to workforce participation and or increased individual workplace productivity. An example from the community services sector is where a suite of skills and qualifications best equips workers to meet the needs of the sector to provide services to aged people. Many examples have been provided to VTA of community sector agencies requiring workers to hold qualifications/skills sets in aged care, allied health and home and community care in order to provide the services needed to older Australians. This training is drawn from different qualifications in the community services sector typically all at certificate III. Youth workers and community services workers with clients affected by drug and alcohol issues are required to hold two qualifications, typically a certificate IV or diploma in youth work or community services and the certificate IV in alcohol and other drugs.

The assumption that qualifications once gained are relevant for life is flawed. Australia's workforce needs contemporary skills and that requires ongoing development of skills and knowledge particularly for people that may take a break from work for some period of time. The VTA submissions to the implementation review of *Securing Jobs for Your Future* (2010) and the Review of VET fees and funding by the Essential Services Commission (2011) raised the issue of the inability of people to access government subsidised training in Victoria by virtue of holding qualifications issued sometimes decades earlier in areas where the person has not worked for some time. VTA was not alone in raising this matter in response to the 2010 Review. Ernst and Young reporting the outcomes of the Review to the Victorian Department of Industry, Innovation and Regional Development (DIIRD) in August 2010 noted "the eligibility criteria of the Victorian Training Guarantee could potentially act contrary to the objective of encouraging lifelong learning. The options therefore are to either identify a period of time after which qualifications are not considered for eligibility purposes or an actual date. The preferred option is to select a period of time. There is almost no guidance about the optimum amount of time for which a qualification maintains its currency. Indeed, currency depends on the qualification in question."

Ernst and Young recommended to DIIRD that for the purposes of the Victorian Training Guarantee, consideration be given to exempting qualifications no longer relevant due to age. This recommendation was not picked up by the Government at that time. This issue continues to be of concern to us and industry and the impact of the policy decision has disadvantaged persons from re-entering education and gaining employment (cost issues) and disengaged industry in investing in gap training (cost issues). A national understanding of the shelf-life of qualifications is urgently needed.

The chief executive of the Australian Chamber of Commerce and Industry, Peter Anderson, is quoted in the *Financial Review* (20 July 2012) "that matching skills to available jobs and increasing participation was a crucial part of the productivity puzzle." Individuals, in preparing themselves for work, want to come to the employer with the package of skills that is the right fit; to participate effectively and to be productive. A culture of lifelong skills development and Victoria's skills base needs to be built on recognition of the importance of government funding to relevant, related learning. Current funding mechanisms allocate government funding only where the

²¹ Workforce Development Strategy: A Green Paper for Consultation, CPSISC March 2010



learner is enrolled in higher qualifications, save for a fixed budget for exemptions in certain circumstances. Victoria is not necessarily preparing graduates with the best fit to the industry in which they will seek employment.

A clear strength of the TAFE system is its capacity to meet these needs and provide leadership to industry to build the right package of employability skills.

Changing lives

The role played by TAFE in the development of opportunities for Australians to improve themselves and increase their life and employment prospects is highly nuanced. Take for example the stories of Tahara Roberts and Ben Lamba.

Tashara wrote an open letter to then Victorian Premier, Ted Baillieu. An extract is presented here:

Wednesday, 30 May 2012

Dear Mr Baillieu

I would like to tell you my story. I am of English, Aboriginal and Torres Strait Islander descent. I had an abusive childhood; my parents divorced when I was about 12 years old, we had moved around a lot until I was about 15, I went to 5 different primary schools and 2 different high schools. Then my mother, a single mother of 4 children finally settled in Broadmeadows. I did not do so well at school and got below average grades, I went through a period of rebellion and suffered from mental illness most of my life.

After leaving school I worked mainly in hospitality and retail, low educated industries. I worked for a major supermarket retailer for many years and worked my way up to a management position. I was promoted several times over the years, the most recent position being a department manager for a produce department, where among other things, I was expected to lift between 500kgs — 1500kgs per day, a job I nonetheless loved.

Then one night I was assaulted and robbed during a night out with friends and was left for dead. As a result I hurt my shoulder and was suffering from PTSD, anxiety and depression, because of this I was not able to return to my job for some time and sunk deeper into depression. When my doctor said I could finally return to work, she said I could only work 15hrs per week and could not use my shoulder. Having a strong work ethic and feeling myself sink deeper into depression, I decided to go to TAFE to get out of the house.

I started attending Kangan Institute (KI) in Broadmeadows, Victoria, studying business administration in order to brush up on my computer skills and hopefully get myself a new career. I was really afraid at first, I had not studied in years and the thought of going back as a mature age student was really daunting.

But having something to focus on helped and gave me hope that I could turn my life around. I surprised myself by getting really good marks, it seemed that the reason I did so poorly in high school may have been their teaching methods, because I was kicking goals at TAFE. My teachers were very supportive and inspiring and whilst watching them I decided that I too wanted to become a TAFE teacher, so I could also help students like myself.



Whilst studying business I was required to complete a work experience component and was fortunate enough to gain a work experience position in the ICT department at KI, which to my delight lead to permanent part time employment, I was now responsible for coordinating the work placement program for the ICT students, a job that I also grew to love. I finally started to believe at 31 years of age, that you can in fact be anything you set your mind to.

I have now worked for Kangan Institute for two years and have completed an indigenous traineeship studying business, whilst also studying IT, TESOL and Teaching and Assessment part time and at the same time working a second job so I could also look after my elderly god father.

Earlier this month, after a lot of hard work, I was lucky enough to gain a full time ongoing teaching position with Kangan Institute, teaching IT traineeships and youth education. I was so happy, I had finally made it, I was now in a position where I could help students like me and really make a difference in the community. And yes I am still studying part time in the TAFE sector..... The TAFE system and the teachers that are employed in it saved my life and many others like me.

Yours sincerely

Tashara Roberts

Ben Lamba is the 2012 Chisholm Outstanding Higher Education Student of the Year. Ben undertook 4 years of study at Chisholm Institute of TAFE: Completing a Certificate IV in Alcohol & Other Drugs, then the Diploma of Community Service (Alcohol and Other Drugs and Mental Health) and a Bachelor of Community Mental Health, Alcohol and Other Drugs, while working in the Community Mental Health and Alcohol and Other Drugs sector. Here is an extract from Ben's valedictory speech:

"When I first enrolled in the Cert IV course, I was completely unsure of my capacity to study. I had serious self-doubt in my ability to undertake any tertiary course and I was terrified of being in a class full of people, I understand today that many of my fellow graduates felt the same way.

As a matter of fact, the first day of class I ran to the student services and begged for lessons on how to write essays. I am so happy I did this. Asking for help has never come easily for me and taking good advice has come less easily. Just ask my long suffering parents.

With some wonderful feedback on how to write essays, I was armed with some tools that would create the student you see before you.

During Cert IV I was excited when our co-ordinator Jose Hernandez informed the class that there was to be a degree developed and we would have an opportunity to enrol in it. I still wonder if Jose knew what he was getting into allowing our class to participate. I hope and trust that his decision has proved fruitful."

VTA has encouraged its members to provide individual case studies and students' stories to the Committee.



3/ The role played by TAFE in the delivery of services and programs to support regions, communities and disadvantaged individuals to access training and skills and through them a pathway to employment

Successive Australian, state and territory governments have driven education policies underpinned by principles of open access to education and equity in participation.

The TAFE system, government owned and not-for-profit, is the critical link to governments to achieving these governments' policy objectives of access and equity in skills development and workforce productivity.

At the August 2011 COAG meeting, the key role of TAFE as the public provider was recognised and supported, including its delivery of high-cost technical training, encouraging participation of disadvantaged students and offering services in regional and remote areas. In October 2012, then Minister for Tertiary Education, Skills, Science and Research, The Hon. Chris Evans, said that the TAFE network was an essential public institution and one which the Gillard government valued highly. "TAFE is on the frontline when it comes to giving Australians the skills they need to get a job and secure their future."

Close links with government agencies over decades has been supported by specific funding for innovative programs to address disadvantage, support regions and build learning pathways.

Bringing community and economic benefits

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.

TAFE providers, as major employers in their communities, contribute to the economic wellbeing of those communities. In Victoria, the State Services Authority reported²² at June 2012, 16,401 persons employed in TAFE providers: 25% in regional Victoria. Regional TAFE providers typically employ 300-500 staff and TAFE providers are major purchasers in regional communities. This was brought home in *The Age*, 27 July 2012 *Regional TAFEs: the unkindest cuts*.²³ "In regional centres, TAFE is more than just an educational institution, it is an integral part of the local economy. In the hospitality

²² State Services Authority, *The State of the Public Sector in Victoria, 2011-2012*

²³ <http://www.theage.com.au/victoria/regional-tafes-the-unkindest-cut-20120706-21mfb.html>



field alone, it is part of the food web that underlies the often fragile ecologies of these regions. A training restaurant not only provides practical experience for students, it keeps them and their skills in the area, it provides a steady income for local suppliers, a place for community groups to hold special events, and offers aspiring musicians a chance to play before a crowd.” This article is reproduced as Appendix 1.

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 economic climate providing many examples of business contraction and large scale business failure and the consequent need for governments to intervene to reskill retrenched workers and to provide 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 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 Networks²⁴, 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.

The Allen Consulting Group report to TAFE NSW *The Complete Package – The Value of TAFE NSW* describes a two staged approach to quantifying the value of TAFE NSW. Firstly, TAFE NSW’s direct benefit was determined by estimating the benefits attributable to TAFE NSW’s operations over 20 years and then subtracting the direct costs. Secondly, using the direct impact benefits as inputs, a macroeconomic model of the NSW economy was used to identify TAFE NSW’s value by identifying the loss to the NSW economy if TAFE NSW funding were withdrawn. The assumptions in the modelling included redirection of private investment to private RTOs and increases in student fees. The findings distinguish between the impact in regional NSW and metropolitan Sydney. The report concludes, at that time:

- metropolitan TAFE NSW institutes had a benefit-cost ratio of 6:1,
- non-metropolitan TAFE NSW institutes had a benefit-cost ratio of 6.8:1, and
- net present value of costs and benefits of TAFE NSW was at least +\$176.9 b.

²⁴ 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/>



Bringing individual opportunities

VTA agrees with The Hon. Chris. Evans, then Minister for Tertiary Education and Skills, “that there is an expectation that public TAFEs would serve the training needs of local communities including disadvantaged students” (reported in *The Age* 12 May, 2013) and “the TAFE system reaches those in our community who have had poor school experiences, who are marginalised or who have only been intermittently connected to the world of work and formal education.” (Senator, The Hon. Chris Evans, Media Release, 3 May 2012).

By understanding and effectively responding to industry skill needs and shortages, demographic shifts and pressures, TAFE providers play a key role in maximising labour supply. TAFE institutes are also in a unique position to address the impediments to VET access, participation and successful outcomes faced by disadvantaged groups. “Strategies for dealing with these issues—inclusiveness strategies—are vital to equitable building of individual human capital outcomes, for community strengthening, and for ensuring that those who are disadvantaged are able to access opportunities to develop initial knowledge and skills, become lifelong learners and maintain up-to-date skills, guaranteeing that they too can contribute to maximising the stock of available industry skills.”²⁵

For the better part of two decades VET providers, in particular TAFE institutes, have been required to respond to both federal and state/territory policy shifts and a diversity of drivers for inclusiveness, including the equitable building of individual human capital outcomes, the need for community strengthening and the demand for industry skills. Increasing participation of diverse learner groups has prompted TAFE providers to develop practices to promote inclusiveness and mechanisms for delivering a broader range of training outcomes.

The NCVER study *Impact of TAFE inclusiveness strategies* concluded, among other matters TAFE providers’ responses to their community demand for inclusiveness were diverse. The report noted in 2008 for some TAFE providers “there remain tensions in striving to achieve a balance between meeting economic/industry obligations and their social/community responsibilities. Yet, those with the most highly developed inclusiveness strategies based these on a ‘community obligation’ approach and implemented cohesive, community-oriented strategies that connected individual capacity-building with industry needs and experiences, and learner support needs with community resources.”²⁶

TAFE providers invest heavily in support services to learners across a wide spectrum of society, some funded through specific grants, some funded through hard earned reserves. Victorian TAFE providers have disability action plans.

Tangible evidence of TAFE providers’ demonstrating their community services obligations can be seen through, for example, the extent of access to learning and the provision of a full suite of services to support education and learning such as IT,

²⁵ NCVER, *Impact of TAFE inclusiveness strategies* by Veronica Volkoff, Kira Clarke and Anne Walstab, 2008

²⁶ *Ibid*, p.9



library facilities, counselling services, career advice, tutors, disability liaison officers, AUSLAN interpreters, and note takers for disabled or learning impaired students.

The workforce of any TAFE provider includes a suite of positions to support individual learners' engagement, learner progress and completion. With specific job titles varying across TAFE providers, it is common to see staff dedicated to providing:

- return-to-study/ongoing study support,

Central Gippsland Institute of TAFE: Study sessions were implemented in 2011. There is a support worker available to work in conjunction with teachers to assist students with assignments or work they need to catch up on. The students can also be helped to learn time management and study skills.

These study sessions are run at the three campuses and have been very successful with a 10% higher completion rate from students attending these sessions. (Disability Liaison Officer, Central Gippsland Institute of TAFE)

- student induction and social inclusion programs,
- careers and vocational counselling,
- welfare support,

"People have perhaps emotional or financial or medical reasons that are interfering with their studies, and if you don't have those support systems, we lose a lot of the students." (Carol Inglis, TAFE library services, reported by the ABC, 23 May 2012.)

- library services,
- student recreational amenities,
- facilities design and improvement,
- high end digital connectivity and IT support,
- scholarships and educational foundations (eg: Caroline Chisholm Foundation),
- literacy, numeracy, language support,
- work placements,
- graduate employment services,
- indigenous learner support,
- international student support,
- a suite of services to students with disabilities (physical and intellectual), including among others electronic aids, equipment mods, specialist computerised note takers.

In 2011, on average 6% of students enrolled in Victorian TAFE providers indicated they had a disability and on average 1.5% of students indicated they are Indigenous. Kangan Institute of TAFE reported the highest proportion of Indigenous students (2.3%) and the second highest proportion of students with disabilities (8.5%).²⁷ The

²⁷ NCVER, Students and courses 2011



Gunung-Willam-Balluk learning centre at Kangan TAFE is recognised as a leading provider of VET to Indigenous students throughout Melbourne.

The direct outcomes of investments in these services are difficult to measure but are none-the-less observable.

The following are examples:

Josie Student is Vision Impaired and looked to GippsTAFE to fulfill her dream of the Education she needed to enhance her workplace job.

Due to her Vision Impairment she required her course content in font size of 24 and electronic. She needed support when she was doing online sessions to have the screen read for her. She required alternative assessments where possible in that she would be assessed orally instead of by written assignments. She needed notes to be taken in class from the whiteboards etc.

Josie Student has been supported to fill an application for a \$6,000 Bursary from Vision Australia. These are very hard to come by. With this money she was able to purchase the latest CCTV monitor, hand held portable CCTV, Daisy Reader, software for her Laptop. This has made her a more independent as a student and in her workplace.

(Disability Liaison Officer, regional Victorian TAFE)

When Ben Carbonaro began studying at RMIT TAFE he was paired with a 'buddy' who helped with reading and taking notes. Mr Carbonaro has Asperger's syndrome, a form of autism, and he relied on support services throughout his TAFE studies that led to a journalism degree. Before starting his course, RMIT's disability liaison unit took him on an introduction tour so he would be comfortable in his new environment.... Time management and reading fellow students' body language were among the greatest challenges to Mr Carbonaro. "The TAFE's support services were crucial to finishing his degree." He said. (The Age, 22 June 2012)

Matt is 19 years old and has cerebral palsy and vision impairment, he uses a wheelchair. Matt has been studying Cert IV Music Performance at a Melbourne metropolitan TAFE Institute. In 2011 he completed the Cert III Music Performance. His instrument is bass guitar. Matt cannot hand write notes in class, or type notes as he cannot keep up with the teacher. Matt's vision impairment prevents him from reading notes on the board or small sized information on the computer.

In 2012 Matt received 12 hours per week Participation Assistance for all theory classes and currently accesses SA support for 1 hour per week to revise information learnt in theory classes. Matt is independent in his practical classes.

(nb: name changed to protect privacy)



Julia is 47 years old and in 2012 returned to study Cert III Community Services Work. Julia has left side paralysis after a stroke 3 years ago and uses a walking stick for mobility. Julia is left handed so handwriting is very difficult for her, she also has very limited computer skills. Julia requires a notetaker to take class notes. Julia found returning to study extremely challenging; she had low self-confidence having not studied since school and now paralysis. With the support provided by DSS and her teachers, Julia's self-confidence has improved and she is progressing well in the course. She intends to continue onto a Cert IV in Community Services Work 2013.

In 2012 Julia received 15 hours per week Note Taking assistance and 2 hours per week Study Assistance to revise information learned in class.

(Nb: name changed to protect privacy)

My name is Ben and I am 24 years of age and am currently completing a University Bridging Program offered through Wodonga TAFE. Due to my results within this course I have secured guaranteed entry to Charles Sturt University in a Bachelor of Education course for 2013. Along-side my studies I work part-time in a local children's centre and I also volunteer part-time at a local primary school assisting children who have reading difficulties.

My life was not always as positive and rewarding as it is now. In fact it was, for many years quite the opposite. I have Asperger's Syndrome which is a disability that can affect my ability to 'fit in' and socialise with others. My primary and secondary school years were horrendous. My disability was not understood and to me it seemed that teachers identified the label 'disability' as meaning I was intellectually incompetent. I was provided with an aide at school, more because of my behaviour than my abilities, but to me the aide highlighted to everyone that I was different and for a long time I believed I was different in a way that meant I was less able, less competent and less worthy. These feelings culminated over time to a point where in my early teens I was also diagnosed with depression and anxiety. I was an extremely angry young person and this anger manifested into behaviours that resulted in my expulsion from the school system. At this time I also became homeless and began using drugs.

While I could not live at home because of my behaviours my mother continued to try to support me and it was my mother who asked me to attend a meeting at our local TAFE to explore alternate education options. To this day I credit my time with TAFE as the turning point in my life – I do not know where I would be today if I had not had a supported second chance at education.

My first meeting was with the Disability Liaison Officer (DLO) and I believe it was the first time I was able to openly talk about my disability in a learning context. I was able to talk about my experience with an aide at school and how I had never really learnt how to learn for myself. It was an open and frank discussion where I felt heard and where my strong opposition to ever having an aide beside me in class again, was respected. Instead we talked about working together to develop independent learning skills while I studied in a foundation level VCAL program.



Through the DLO I was introduced to the VCAL teachers and they too were genuinely interested in understanding my learning needs. The VCAL teachers at TAFE were amazing and I recognise each of them as significant people in my life. They were open and supportive and checked out with me consistently, there was no way I could fade into the background. This was the first time that I felt that I was treated like all the other students in a classroom context. The teachers also had the same educational expectations of me as they had of other students as they recognised and understood that my disability was not related to intellectual ability. The teachers challenged me consistently to raise my own aspirations and over time I came to realise that I was an intelligent and competent individual.

While I successfully completed the foundation VCAL and continued my studies over a further year to complete the senior VCAL certificate, I was still a very disturbed young man.

I did not have secure housing and I was still drug taking to reduce my own feelings of anxiety, anger and depression. The only good thing at this time in my life was TAFE, through all of the hard times I managed to continue with my studies and stay connected, I attribute this to the support I was provided at TAFE and the positive feelings I experienced while at TAFE.

I had been referred to and met with numerous counsellors connected to drug and alcohol and mental health services in the community but I was still finding it difficult to manage my anger, anxiety and depression. A teacher who recognised my personal difficulties introduced me to the counsellor at TAFE. The TAFE counsellor is a practical counsellor who overtime assisted me to develop personal skills that I could use in times of difficulty. I developed skills to manage my own anger and respond appropriately and assertively. I developed cognitive skills that I can apply when I begin to self-doubt and think negatively and I developed a belief in my own abilities to make the right choices.

Through the learning gained through my meetings with the TAFE counsellor I now have strategies that I can use anywhere, anytime. My confidence and self-esteem have grown to a point that I now see I am a competent and able young person who can and will make a difference in this world. I am proud of who I am, what I have become and where I am going. I have learnt that I love using my brain in a constructive way, I have pride in myself and what I achieve and I am focussed and strong. I now live independently, I no longer experience drugs and I have clear goals for my future.

I have recently been nominated for a local Red Carpet Youth Award by teachers in the TAFE/University Bridging Course and have been advised I am a top four finalist. The nomination alone reinforces my belief that others see the person I have become and the barriers I have overcome in my life. Being a finalist reinforces my own self-concept and belief that I am a worthy young person with much to offer and I know that the second chance at education provided to me through our local TAFE and the specialist support provided to me through Student Services at the TAFE are directly linked to who and where I am today.



I am very concerned that others like me, and there are many, will not be provided the same opportunities at a second chance in education if the full service funding to TAFE is cut. I also believe the costs to society will far outweigh the costs required to continue to provide this funding.

*Thank you
Ben Cook
Concerned Student
(Letter submitted to VTA, 31 July 2012)*

Reducing recidivism through vocational education and training programs

One of the roles of prisons is to provide an effective environment that reduces the risk of reoffending. Many offenders have education and skill levels well below the Australian average and are more likely to be unemployed, which has an impact on their health and ability to find housing. The introduction of vocational education and training programs as part of prisoner rehabilitation offers opportunities for offenders to reduce this disadvantage, thereby increasing the likelihood of successful re-integration into the community and reducing the risk of reoffending. The programs include the provision of pre-release/transition and employment programs, the opportunity to be involved in meaningful prison work, the expansion of vocational training, and more access to advice about health services, education, training and housing prior to release.

A Queensland study, based on over 1,800 people who returned to custody within three years, was undertaken of the links between prisoners' participation in the VET programs and their chances of returning to prison. It found that 32% of prisoners who did not participate in VET before their initial release returned to custody within two years, while only 23% of VET participants returned.²⁸

The Government of Western Australia Department of Correctional Services reports linkages between recidivism and enrolments completed: Prison Exits 2 Years Prior to 31 May 2009 to 30 June 2011 -Returns within 2 Years):

<u>Enrolments Completed</u>	<u>Recidivism rate</u>
0	42.41% or 2,294
1 -4	36.27% or 2,313
+ 5	26.48% or 1,601
Total	36.02% or 6,208
Females	24.67% or 608

²⁸ Callan V & Gardner J 2007. The role of VET in recidivism in Australia, in Dawe S (ed), *Vocational education and training for adult prisoners and offenders in Australia: research readings*. Adelaide: NCVER: 27-36



TAFE providers are the active partners with correctional services in the delivery of vocational training and other development programs. Victorian TAFE provides all vocational training to Victorian correctional facilities.

Youth Transitions

“Our TAFE system goes to the heart of transitioning. It gives people hope,” the Mayor of Geelong John Mitchell (The Australian, 21 September 2012)

Linda Hearn, Principal of the Rossbourne School is reported in The Age on September 27 congratulating Swinburne University of Technology for offering an “intimate introduction to further education with a program developed by experienced staff over many years.”

TAFE providers are the ‘go to’ destination for young people looking to further their education after leaving secondary schools. In Victoria there are exemplary examples in TAFEs of innovative, contemporary learning designs catering specifically to the needs of young people with innovations such as:

- Swinburne University of Technology’s ‘First Stop’, a free advisory service that helps young people make decisions about further education, training and employment pathways. First Stop acts as the first point of contact for young people who require assistance and information.
- Kangan Institute of TAFE’s ‘NEXT STEP’ a free service to 15-19 year olds looking for advice on pathway options, career planning and referrals to relevant services. It is also open to parents, community agencies, schools careers advisors and employment networks.
- William Angliss Institute of TAFE as a partner in ‘Charcoal Lane’ a high quality restaurant providing traineeships and apprenticeships to Aboriginal and disadvantaged young people.

Email from the parent of a young person working with the local Youth Officer, Victoria Police and Kangan Institute of TAFE regarding NEXT STEP:

Parent: “Hi Peter, I thought I would give you an update on Leah’s progress in the last several months, well it’s been an amazing transformation. Leah is now at TAFE and all is good there, also she has her learners permit, a part time job at McDonalds and today to top it all off was accepted into Evolve for the young women’s program at typo station. We are so proud of her. I would just like to say a big thank you for putting the time and effort into Leah. Thank you, cheers”

Victoria Police: “A big thank you to you also Genna. It was great that we had your service to explain the TAFE pathways and put the family at ease in relation to Leah moving away from conventional schooling. The further contacts and links you gave them re Epping TAFE clearly also assisted greatly”.

(Student name changed to protect privacy)



All TAFE providers have commitments to increased engagement with Indigenous communities and continue to resource a number of initiatives to increase Indigenous enrolments on the campus such as the employment of an Indigenous Liaison Officers, Indigenous Non Award Pathways, and increased collaboration with regional elders. Indigenous programs at Swinburne TAFE.

Swinburne University of Technology (TAFE) provides an extensive range of programs for Indigenous students. The Indigenous Business Governance Courses are for Indigenous participants who sit on boards of Indigenous corporations. The courses include the Certificate IV, Diploma and Advanced Diploma in Business Governance. The Advanced Diploma is currently being accredited and will pathway into Swinburne's Bachelor Social Science. Delivery of these residential programs is done collaboratively with:

- *Aboriginal Affairs Victoria (AAV)[State body]*
- *Office of the Registrar of Indigenous Corporations (ORIC) [Federal body]*
- *Consumer Affairs Victoria*

The First Stop Indigenous Vocational Training Initiative is recognised for improving the educational and employment outcomes for young Indigenous people through sport and recreation community enterprise projects. The program helps young people make decisions about further education, training and employment options – combined with AFL Sports Ready to develop Indigenous Australian School-Based Apprenticeship programs in Sport and Recreation. The feedback from the participants at the International Partnership Awards was extremely positive and the organisers now to have more student presenters.

Many tertiary institutions have appointed Indigenous and Koori Liaison Officers who work closely with local Indigenous groups. Education staff may also be located in an Indigenous community.

(State of Victoria (2010), "The State of Victoria, Australia: Self- Evaluation Report", OECD Reviews of Higher Education in Regional and City Development, IMHE, <http://www.oecd.org/edu/imhe/regionaldevelopment>)

Technical Education Centres (known as TECs) are being established at some TAFE institutions in Victoria. They are purpose-built facilities and organisational hubs for the delivery of TAFE and secondary school programs on campus within TAFE. They provide an excellent learning environment for students, with access to TAFE staff and industry-standard equipment. At a TEC, students are part of an adult learning institution, but have access to specialised learning support appropriate to their age group. The TECs have good linkages with local industry and employment opportunities.

The TECs are for young people of around 16-19 years of age, who have already left school or who want to undertake training programs on campus in TAFE, while completing a secondary school certificate.



Generally the programs offered include VCAL (Victorian Certificate of Applied Learning) with a Certificate II or Certificate III level TAFE program, pre-apprenticeships, apprenticeships and traineeships. The emphasis is on undertaking a training program within an industry-specific stream, such as building and construction, engineering, cookery or child care. The aim is to ensure that young people achieve the educational and vocational outcomes they are after, whether it's an employment opportunity or a pathway into further education and training. TECs are located at University of Ballarat, Chisholm Institute of TAFE, Goulburn Ovens Institute of TAFE and Northern Melbourne Institute of TAFE (NMIT).

Although not officially a TEC, the Vocational College at Holmesglen Institute of TAFE offers a similar range of opportunities to young people. The learning style is project – based for all areas and each week, students have at least two whole days in vocational training, trying out a range of trades and courses to find out what each career is really like. Other Victorian TAFE providers have developed highly specialised youth oriented learning programs, such as partnerships for the delivery of VET in Schools and community programs. TAFE providers are motivated to work with youth people and particularly early school leavers to re-engage them in education. Early school leavers are more vulnerable in the labour market, as they tend to have lower levels of qualifications. Early school leavers who return to some form of study – at school, TAFE or through an apprenticeship or traineeship – increase their opportunities for later employment.²⁹

All Victorian TAFE providers engage with local secondary schools as partners in the delivery of vocational education to young people including through senior secondary qualifications and Trade Training Centres. Box Hill Institute for example has partnerships with over 100 secondary schools and colleges through VET in Schools programs (VETiS) and an alliance of 8 local secondary schools, has achieved a strategic focus towards the development of Trade Training Centres (Allied Health; Electronics; Automotive).

Students taking the TAFE option

"When Melissa Robb was in year 11 she did a certificate two in animal studies at WoofPurNay Veterinary Hospital.

She says her school, Casey Grammar in Cranbourne, helped find places for students who wanted to do vocational subjects and encouraged them to think about TAFE as an option after year 12, because it could lead to university later.

This year more than half the 42 students who completed year 12 at Casey Grammar last year are enrolled in TAFE courses. Ms Robb, who wants to be a vet nurse, is studying the breeding patterns of mice and rats as part of her diploma of animal technology at Box Hill TAFE.

She hopes to transfer to a TAFE vet nursing course, although her animal technology diploma would also enable her to apply for a bachelor of animal and veterinary biosciences degree at La Trobe University.

²⁹ The On Track Survey 2010 Longitudinal report The 2007 cohort 3 years on



The VET co-ordinator and careers counsellor at Casey Grammar, Marita Elvish, says the school emphasises all pathways, with students in year 10 visiting TAFEs, universities and participating in Try a Trade day.

"We just want to expose them to all their options," Ms Elvish says. "I think TAFE offers them that step to university. It's sort of like baby steps - you can go to TAFE and do a one or two-year course and see if you are ready to commit to further study." (The Age, 4 June 2012)

While TAFE providers play a big part in youth transitions from secondary schooling to tertiary education, they are equally strong in providing effective transitions from VET to higher education. TAFE providers have sustained strong linkages and partnerships with higher education providers, principally universities. As noted earlier in this submission, many Victorian TAFE providers are higher education providers in their own rights.

Joseph Student came to a rural campus of a Victorian TAFE provider in 2004 and was the campus' first Sudanese student to enrol. His English was not very good but he had a passion to study and was determined to pass his course.

He has a diagnosis of dyslexia and a support worker was put in his class to take notes for him. Joseph Student was supported in assignment configuration, understanding of cultural workings of the community and skilled up in the use of computer/internet.

This was a trying time for him but he was very passionate about wanting to be able to help people in the community and with his passion combined with the help from the support staff he was able to finish this course and pass well. Joseph Student even obtained some part time work from his placement at an aged care facility.

Joseph Student then decided he wanted to achieve a Cert IV in Community Services. With support in place he was able to complete this course whilst still working part time in the job he secured from his first course.

Last year Joseph Student went on to complete his Diploma of Community Services-Social Work with minimal support. He has now astonished people by enrolling this year at University to commence a Degree in Social Work.

(Student welfare co-ordinator, rural TAFE provider)

Undoubtedly the Committee will hear many stories similar to the one above from others' submissions to the Inquiry. Thousands of stories could be told of TAFE providers changing lives.



Nb: commentary from this point is made in the context of VET reforms in the State of Victoria

4/ The role played by TAFEs in the operation of a competitive training market

The scene was set in Victoria in the 1990s when legislation enabled the creation of TAFE colleges as separate legal entities governed by Councils. Much has changed in that time and TAFEs have evolved into large complex organisations. Commercialisation (allowing or requiring government agencies to charge for the goods and services they produce) and corporatisation (the adoption of management models and legal structures more akin to private sector organisations) have become firmly established policies at state level of government.

The Victorian TAFE system is structurally the most devolved and autonomous in Australia and our TAFE institutions are leading performers against a number of national measures. Victoria's system is highly efficient, fosters entrepreneurship and is capable of extensive innovation and specialisation.³⁰ NCVER repeatedly reports that in cost per hour, Victorian TAFE is the most efficient in Australia.

Governance arrangements for the best part of 20 years have encouraged Victorian TAFEs to be entrepreneurial and to seek out commercial (fee for service) opportunities. TAFE domestic fee for service activity experienced growth, rising by 22 per cent between 2011 and 2012. With around 125,000 enrolments, fee for service now represents on average around 31 per cent of TAFE training activity.³¹ In the period 2008-2011, the transition period in Victoria to a fully contestable VET market model, fee for service enrolments grew 14%.³² In 2011, Victorian TAFE providers reported in excess of \$415,000,000 of fee for service activity.³³

Victorian TAFE providers have embraced competition for 20 years; however they need clarity of understanding of their role and the expectations of the government as owner in the current policy environment. A shift to competition based on contestability of government funding has potential to broaden consumer choice and put the spotlight on the quality of vocational education.

The paradigm shift from a purchaser/provider model of funding TAFE in Victoria to a student driven, market model has required changes to the mindsets of providers, regulators and policy developers. Historical practices needed wholesale review and systems transformed. Much of this change occurred in a vacuum without clarity of the core roles and responsibilities of the stakeholders including the government³⁴.

³⁰ 2008 policy paper introducing reform of the VET system in Victoria

³¹ Victorian Training Market Quarterly Report 2012.

³² Victorian Training Market Quarterly Report 2011

³³ Refer individual TAFE annual reports.

³⁴ VTA raised these matters in each review of the Victorian Skills Reforms, the DIIRD better regulation project (2007), VCEC Regulatory Framework Inquiry (2010) and reviews of governance matters



TAFE institutes need an understanding of the government's vision for VET nationally and at the state level, not just for the next 5 years but the next 25 years. TAFE providers want and need governance arrangements that enable them to compete on a fair and equitable footing with private RTOs. We question whether competitive neutrality is the correct benchmark when public providers are seen by the community and governments as drivers of public policy in VET.

In the past we have described TAFE governing Boards as having to compete with private RTOs with one hand tied behind their backs. With vision and clarity come aligned governance structures. Without a clear vision we have confusion of roles and functions.

Community Service Obligations

A related matter is the role of TAFE in a competitive VET market when different jurisdictions have different policy perspectives. This is confusing to the general public as it is to the VET providers. A stand-out example are governments' policy approaches to what, in lay terms, would be described as *community service obligation* (CSO) in the provision of VET. Examples of CSOs may include:

- Building community aspirations towards education and specifically VET.
- Engage effectively with members of the community irrespective of the social and economic circumstances.
- Contribute to growth in workforce participation.
- Contribute to growth in workforce productivity.
- Contribute to growth in the core LLN skills of working aged people.
- Being responsive to the changing needs of Victoria's industry and workforce.
- Transparency of operations. Legislative governance requirements (eg reporting to Parliament, community and Ministerial appointments).
- Employment arrangements: indigenous staff, apprentices, trainees.
- Extensive support services: counselling, libraries, services to people with disabilities, new migrants, refugees, people from culturally and linguistically diverse backgrounds (CALD).
- Providing a return on investment of public (taxpayer) funds.
- Building the capabilities of the VET workforce.

VTA maintains that a competitive training market and community service obligations are not mutually exclusive. Victoria is the only state that does not differentiate between funding of government subsidised VET between TAFE providers and private RTOs. In Victoria, since 1 January, 2013 all providers received the same levels of funding under the Victorian Training Guarantee. In 2012 Victorian TAFE providers received differential funding of approximately \$2.00 per hour of delivery. In South Australia (2012) the differential was in the vicinity of \$9.00 per hour of delivery. While the funding differential in Queensland is not publicly available, announcements have been made that specific base funding will apply to public TAFEs to cover public sector costs, for example, staffing, maintenance and infrastructure. It is expected NSW and WA will have "Base Funding" or TAFE differential for CSOs, staff and infrastructure costs when an entitlement model for VET is introduced in July 2014.



Skills Australia (now the Australian Workforce Development Agency) in 2009 affirmed 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.’³⁵ The Federal Government’s understanding of the community service obligations of TAFEs can be gleaned from a quote attributed to The Hon. Senator Chris Evans, then Minister for Tertiary Education, in *The Australian* 5 June, 2012. “The Federal Government’s view is that there is a role for competition in the vocational education and training sector but there is also a major role for TAFEs to continue to play in that market. They are institutions that provide reach into rural and regional Australia, to low socio-economic groups, to high-cost courses and broad access.”

The TAFE system, government owned and not-for-profit is the critical link to governments achieving VET policy objectives. In September 2011 the Victorian Essential Services Commission VET Fee and Funding Review states, (Recommendation 6.10) “A review be undertaken of the funding and corporate arrangements of publicly owned training providers (including TAFEs, CAE and AMES). This review should: (i) provide a clearer articulation of the role of publicly-owned training providers; (ii) consider how funding and corporate arrangements might be changed to promote greater transparency and accountability of funds; and (iii) consider whether direct funding should be provided to fund any community service obligations met by public providers.”

Two months later in November 2011, the Victorian Competition and Efficiency Commission draft report *Securing Victoria's future prosperity: a reform agenda*, as part of an inquiry into the key reform areas that the State Government should target to improve productivity, labour force participation and Victoria’s overall economic competitiveness, recommends that “the Victorian Government strengthen competition in vocational training markets by ensuring the ongoing delivery of important community services provided through TAFEs by articulating these responsibilities clearly, and providing contestable funding for them as community service obligations.”

VTA is very disappointed that the complex issue of identifying and measuring public educational providers’ community services roles has not been progressed. To claim, as the Victorian Government does, that CSOs are included in the funded price of Band A (traditional trades) courses, 80% of which are delivered by TAFEs, is a falsehood. If the historical figure of \$2.00 per hour funding differential to Victorian TAFE providers was taken into account, there is a real loss to TAFE providers in the subsidy rate for Band A courses in the order of 6%-7%.

Toner³⁶ notes the difficulty the Australian Productivity Commission had in defining the scale and scope of CSOs in the VET Workforce Research Report (April 2011). We agree with Toner³⁷ that a number of the VET activities identified by the Productivity

³⁵ Foundations for the Future – Draft Proposals for Future Governance, Architecture and Market Design for the National Training System 2009 , Skills Australia, p.48.

³⁶ Toner, P. *A response to Vocational Education and Training Workforce Productivity Commission. Draft Research Report November 2010. p11.*

³⁷ *Ibid* p11



Commission as requiring support, although not specifically identified as requiring a CSO, appear to be examples of activities that could receive such funding:

- VET sector to demonstrate cultural sensitivity and culturally supportive (eg indigenous students, student from non-English speaking backgrounds).
- Students from non-English speaking backgrounds might need, as well as expect, extra support in English language.
- Students with disability might need, as well as expect that the VET sector will provide a supportive learning environment, free of direct or indirect discrimination, allowing them to be as independent as possible. They might also expect providers to be aware of and offer technologies that allow them to become more independent.
- Support for student unions or student associations.
- Delivery of LLN skills may require VET trainers and assessors to possess greater knowledge of teaching theory and practices (see VTA response to Draft Recommendation 1).
- Employment in VET to be representative of the diverse student profile.
- Disadvantaged students on course completion require job-seeking assistance.
- Building community aspirations towards education and specifically VET.

“Unless the scale and scope of CSOs can be unambiguously defined on a theoretical and practical basis, there is a danger that their application will be arbitrary. Such impression can result in either over- or under-investment by public or private providers. Imprecision in the distinction between CSO and non CSO activities results in a situation where there is no clear criteria for deciding whether investments by a private RTO should receive scarce public funds to establish competitive neutrality or whether they should be funded directly by private RTOs to improve their competitiveness.”³⁸ We agree with Toner this is not a good basis for public policy.

VTA requests the opportunity to engage in any discussions to describe the CSOs of TAFEs, to develop the metrics to measure these and to determine the adequate levels of funding to fulfill these obligations. The additional layers of bureaucratic processes on government and on the TAFEs that will inevitably occur should this recommendation be implemented must be fully borne by the government.

VTA argues that TAFE providers’ abilities to compete in the VET market are hindered in a training system where a funding differential is not applied to recognising CSOs.

Oversight costs borne exclusively by TAFEs

In a competitive training market, TAFE CSOs must be funded as well as costs borne by public TAFE providers by virtue of being public entities. As with CSOs, there is no consistency nationally in government policy regarding the oversight costs of managing and operating public entities to meet government requirements. These costs must be identified and appropriately funded.

The report of the Victorian Essential Services Commission (ESC) *Review of VET Fee and Funding* Volume 1: Blueprint for Change (September 2011) rightly identifies the

³⁸ Ibid p12.



government's responsibility to contribute funding to VET because of the public benefits to be derived from the investment. The ESC argues the government acquits this responsibility by paying subsidies to providers. We propose this payment only acquits part of the government's responsibilities.

The existence of public providers of TAFE in Victoria is enshrined in the Education and Training Reform Act 2006 (as amended). Chapter 3, Part 3.1 of the Act details the establishment of governing Boards for TAFEs and the accountabilities of TAFE Boards (Division 2, S3.1.15). Under this section:

- The board of a TAFE institute is accountable to the Minister for the effective and efficient governance of the institute including the discharge of its statutory functions and for the educational and financial performance of the institute.
- A board must establish and keep full and complete books and accounts of all money received and paid by the board and must arrange for a continuous audit of the income and expenditure to be made at any intervals not exceeding one month that the Minister directs.
- The books and must be kept in the form and manner approved by the Auditor-General.

The distinct costs associated with these accountabilities are borne by public entities in the VET sector but not by private RTOs. There are other distinctions between the requirements placed on TAFEs and not on private RTOs:

- Specified Board structures.
- Board remuneration.
- Government processes for recruitment of Board members.
- Custodianship of public assets including heritage listed buildings.
- Government policy re: capital works projects.
- Implementing government environmental policies.
- Treasury Financial Management Guidelines.
- Government procurement guidelines.
- Lack of choice of suppliers: eg compliance with guidelines on marketing.
- Reporting to Parliament and Victorian Auditor-General's Office. Differential wages for teachers under the Victorian Government oversighted and approved industrial agreement compared to the Modern Award.
- Differential productivity under the Victorian Government oversighted and approved industrial agreement compared to Modern Award.
- Industrial relations processes and intervention of government viz wages policy.
- A case in point is the differentials between terms and conditions of employment in the VET sector under the TAFE industrial agreements and the Education Services (Post-Secondary) Modern Award (Modern Award). Apart from the significant differences in wages between staff employed under Victorian industrial agreements and those covered under the Modern Award, there are a number of other differences relating to conditions of



employment. The table below highlights these differences as examples of the competitive disadvantage of TAFE providers in a market scenario. Of the 311 private RTOs on the list of Victorian Training Guarantee approved providers in January 2013, only 14 have enterprise agreements (4.5%), only 3 of these agreements have teaching focus.³⁹ Therefore 99% of private RTOs are regulated by the Modern Award.

Table 2: Comparison between Modern Award and two other jurisdictions

Employment feature	Modern Award	NSW	Victoria
Teacher salary range	\$41,418 - \$54,211	\$73,256 - \$86,878	\$50,856-\$81,050
Casual teaching	\$39.36 to \$51.93	\$71.59	\$61.88 or \$64.31
Hours of work	38 hours per week over 46 weeks of year	35 hours per week over 36 teaching weeks and 5 further non-teaching weeks	Minimum of 38 hours per week. Required to attend 30 hours per week in the work place.
Span of hours	No span of hours	6.00am to 10.00pm Monday to Saturday	8am-6pm Monday-Friday
Maximum weekly teaching load	25 hours	20 hours	21 hours
Maximum annual teaching load	$38 / 1.5 = 25 \times 46$ weeks = 1,165 hours	720 hours	800 hours

In a marketised VET environment, Victorian TAFE already faces significant competitive disadvantage because of the industrial relations arrangements where the Victorian Government actively intervenes in the negotiations. VTA is aware of examples in the private sector where teachers teach 1500 hours per annum – a 90% productivity improvement on the TAFE teacher's maximum ordinary teaching hour delivery of 800 teaching hours per annum.

In a competitive training market, all costs borne by TAFE providers as public entities must be quantified and funded. The case was put by VTA to, then, Victorian Treasurer, Mr. Kim Wells as a submission to the Victorian State Budget 2013-2014 seeking:

- provision of an appropriate level of new funding for TAFE providers to meet the costs associated with the relevant community services obligations of TAFEs as public providers; and
- provision of an appropriate level of new funding for the corporate arrangements associated with TAFE governance and reporting accountabilities as public providers; and

³⁹ VTA analysis January 2013



- provision of funding to continue to support the pre-January 2013 costs associated with industrial arrangements with TAFE staff that have been developed consistent with government policies and directions and as ultimately formally approved by the government.

A copy of the full budget submission can be accessed at <http://www.vta.vic.edu.au/docs/To%20Treasurer%20Wells%20-%20Final%20Budget%20Submission%2030-01-13.pdf>.

Servicing thin markets – revisited

In response to the second of the Terms of Reference for the *Inquiry into the role of TAFE and its operations*, the specific role of TAFE to deliver programs in thin markets was noted. If a competitive market for contesting government subsidies for VET is to remain, the platform for funding VET in the future, public policy needs to clearly articulate guidelines for funding VET in thin markets where the training is in the public interest and must be retained. These guidelines should not be ad hoc individual negotiation exercises. The Australian Industry Group, in a submission to Skills Australia, said “it is also important to protect against market failure where markets are thin such as in remote and regional communities and niche occupations... (and) any movements toward entitlement based funding approaches also need to be underpinned by a guaranteed base funding component.” VTA supports further examination of this suggestion.

Research into VET provision in regional and rural communities has found that competition can be healthy in terms of driving quality and price improvements in larger communities. However, competition in thin training markets was seen to have a negative influence on the overall effectiveness of vocational education and training. In small communities, local public providers were squeezed out by fly-in, fly-out providers, and in other cases effectiveness was reduced because all providers tried to compete for the courses with a high demand, which were usually entry-level courses applicable to several industry requirements.⁴⁰

VTA is not convinced that the one-size-fits-all approach to funding government subsidies under the Victorian Training Guarantee has had the desired effect of producing the skills needed by regional and rural economies. In an interview with *Campus Review* (23 July 2012), Ai Group chief executive Innes Willox said that the Victorian skills reform model is unbalanced, focusing too much on the individual’s demand for training and not enough on industry skills shortages. “There needs to be a balance, a structural balance, between the individual demand-driven model and a model that recognises the needs of industry” he said. This observation is particularly pertinent in thin markets.

New conceptual models in vocational education and training

Victorian TAFE providers are not so naïve as to believe government policy should return to model of training where governments’ purchased, usually annually, blocks of VET delivery from providers. Government VET policy based on contestability for

⁴⁰ Kilpatrick, S in Ingle, B and Walls, P (2003) *Engaging communities through lifelong learning*, p. 11, <http://www.engagingcommunities2005.org/abstracts/Ingle-Bernard-final.pdf> cited in Skills for Prosperity a roadmap for vocational education and training, Skills Australia, 2011.



funds can be understood where there is a shrinking revenue pot of taxation income and the public demand for high quality public services.

However, VTA does not support all of the approaches taken in Victoria to implement a competitive training market. VTA has been publicly critical of the criteria for access to government subsidised training in the state, in particular:

- access to government subsidised VET for persons over age of 20 years only if they enrol in a course at a higher level than currently held and no consideration for the age of existing qualifications,
- price is used as the only mechanism to influence the market. Government subsidies have been adjusted to influence market activities. Student fees are not set by the government. This is in stark contrast to other states, and
- inadequate discretion for TAFE providers to fund re-skilling workers.

VTA wrote to then Victorian Premier, Ted Baillieu on 19 December, 2011 highlighting policy flaws and flagging the negative impact on viability of TAFEs of mooted funding cuts.

VTA does not believe that more public money needs to be invested in VET in Victoria but that the existing Government spend needs to be better targeted.

VTA commissioned Per Capita in early 2013 to explore new conceptual models of vocational education and training underpinned by the principals of a competitive market for government subsidised VET. Specifically, Per Capita was asked to examine:

- Approaches to avoid the market structures that have led to a 'bubble' in the growth of uncapped private RTO places,
- Different state-based experiences of public and mixed-provision models,
- Options to split the purchaser and provider roles of the state through independent statutory bodies,
- Mechanisms to undertake an annual review of areas of skills shortage and oversupply,
- Pricing and capping structures that would support a semi-capped model, with provisions for the costs associated with the specific governance structures of public providers,
- Defining community service obligations and a public funding mechanism to support them, and
- Standards to ensure uniformly high quality of provision and processes to limit subsidies for places to the highest quality providers.

This project is in-train. The project provides five interesting preliminary observations:

- Growth rates in the Victorian VET sector are indicative of a 'bubble' market. (A 'bubble' market is defined as "trade in high volumes at prices that are considerably at variance with intrinsic values").
- In a private market, price acts as the mechanism to balance supply and demand. In the Victorian VET market, characterised by competition, price does not fall in response to an increase in supply, so supply finds its own demand.



- Strategies, other than using price alone, are required to ensure skills shortages and needs in specialised occupations are met. As an alternative, Victoria may adopt a model being implemented in other states whereby caps are placed on delivery in non-shortage areas and an open market operates where skills shortages occur – a semi-capped model.
- Quarantined government funding is required to meet TAFE community service obligations and oversight costs borne exclusively by TAFEs.
- There is a crisis in public confidence in the outcomes of the VET system (qualifications). The integrity of VET qualifications cannot be allowed to diminish. Market interventions are required to restore confidence in the value of VET qualifications and VET providers including TAFE.

The value of TAFE to the Australian people can and must be quantified to inform future decision-making and inform the TAFE owners (Australian public) of the impact of governments' decision-making affecting VET.

It is inconceivable, that further determinations regarding corporatisation or potentially privatisation could be conducted without this essential element of economic determination. The VTA looks forward to this critical missing piece of information to assist in the forward determination of the sector.

Further, there needs to be a comparative assessment of the return on investment of public money, once invested in public sector (not-for-profit) TAFE, which is now, and proposed to be more-so in the future, spent on private sector (for-profit) training. Specifically, an assessment needs to be made in regards to:

- The quantum of public funds now taken as profit by private sector providers.
- The quantum of public funds to be taken as profit by private providers with competitive bidding for community service obligation training.
- The quantum of public funds which will be actualised as profits outside of Victoria, and specifically realised overseas.

VTA encourages the Committee to investigate the various models for competitive training markets across the states and territories. Ultimately, TAFE providers' role in a competitive training market is to contribute to the effective and efficient use of public funds for vocational education and training and to ensure access to and equity of vocational education and training. TAFE accepts the responsibility to provide VET in circumstances where private training organisations will not engage because of the costs involved. TAFE providers need to be resourced to provide these services.



5/ Victoria: impact of State Government funding decisions on TAFEs' operations and viability

In 2009, the Victorian Government introduced a policy called the Victorian Training Guarantee where all eligible students would access government training subsidies. Previously, the government purchased discreet packages of training from TAFEs and some private registered training organisations (RTOs).

Ray Griffiths, then CEO of Kangan Institute of TAFE, summarises succinctly the situation in Victoria when he wrote in 2012:

“Policy platforms are developed to express the concepts and values that politicians wish to see established to improve economic and social outcomes. The bipartisan introduction of competition in vocational education and training was conceived to provide more people with more skills to meet labour market needs and to provide incentives for service quality improvement and improved efficiency in a legacy, public sector provision model.

It was not designed to privatise VET.

The Victorian Government put these policy statements into the hands of Treasury and VET bureaucrats to shape them into legislation and regulations designed to deliver on the agreed outcomes. The key to policy integrity is where it is executed by registered training organisations, now including quality public and private providers and, the evidence tells us, a colourful parade of rent-seeking shonks⁴¹.

Victorian VET policy has been well tested as some RTOs have exploited loopholes, manipulated and bent rules to meet the perceived needs of their stakeholders and shareholders.

Notwithstanding plenty of evidence that Victoria's contestability policy has delivered some tangible benefits, it was modelled to meet labour market needs and stimulate modest expenditure growth from \$800 million to \$900m a year. It actually blew out to \$1.3 billion, almost entirely in private provision and most explosively in low-skill, low-economic value courses. Facing an unenviable set of budgetary circumstances, the Victorian government had to bring the system back under control, but the core principles of the market design apparently remain sacrosanct while tinkering has been replaced with something more akin to bludgeoning.

This policy has unequivocally failed to deliver on its core aims, and the government's determination to stabilise the VET system at an annual spend of about \$1.2bn, which would be seen as a triumph for what was an \$800m system in normal circumstances, has been lost in the controversy about how the blow-out occurred and how the necessary savings have been engineered.

⁴¹ Colloquial term ‘shonks’ or ‘shonky providers’, as opportunistic profit-driven registered training organisations providing low quality training with qualifications being issued often in very short timeframes.



Clearly the policy architecture around eligibility, barriers to entry, quality control mechanisms and pricing formulas was insufficiently robust to control the system. With better market data than ever, the signs of market failure were evident early on, yet the reaction to perceived problems, blow-outs and rorts was not a re-examination of the policy base but almost constant tinkering with rules and reporting regimes that succeeded in seriously complicating things without stemming the flow.”⁴²

A snapshot of the impact of the policy between 2008 (last full year of purchasing model) and 2012 (second full year of marketised model) shows⁴³:

- Victorian Government funded delivery has increased from 380,000 enrolments in 2008 to 670,000 in 2012.
- Victorian Government funded delivery by TAFE providers grew 4% between 2008 and 2011, was stagnant between 2010 and 2011 and grew 7% between 2011 and 2012.
- Victorian Government funded delivery by private RTOs grew 310% between 2008 and 2011 and 40% between 2011 and 2012.
- The share of government funded enrolments of TAFE providers has decreased from 66% in 2008 to 42% in 2012.
- The share of government funded enrolments of private RTOs has increased from 14% in 2008 to 46% by the end of 2012.

To remediate the over-expenditure, the Victorian Government in the 2012 budget announced cutting an estimated \$300m, including changes to the government subsidy payable for individual qualifications, out of public TAFEs that had lost market share to private provision. The impact at the individual provider level is in the range of 25%-30% of historical government subsidies.

“RMIT Vice Chancellor, Margaret Gardner in a communication with staff in May 2012 stated public funding for vocational education would fall from \$70 million to \$50million in 2012. “Inevitably we will withdraw from teaching in some areas of vocational education,” she wrote. RMIT got out of Manufacturing and VETiS. She said cuts a ‘severe threat to vocational education’ at RMIT (a dual sector provider of VET and Higher Education).The Age, 19 May 2012.

⁴² Opinion piece published in The Australian, *Market Failure Caused TAFE Disaster*, 16 May, 2012

⁴³ See Victorian Training Market Quarterly Reports
(<http://www.education.vic.gov.au/training/providers/market/Pages/reports.aspx>)



“In December a poll (by GPS Research) of more than 800 Victorians and 200 business owners and managers found that more than 84% thought the TAFE sector was too important to be cut and that the Government should be investing more money in TAFE” (Herald Sun, 7 August 2012)

“Swinburne University of Technology will close its Lilydale campus in Melbourne’s outer east... Vice-Chancellor Linda Kristjansen said with fewer viable TAFE courses and a drop in demand for higher education at Lilydale, the campus would close on 1 July, next year (2013).” (The Australian, 6 July 2012)

VTA’s analysis is that the \$300m taken from TAFE budgets represented \$130m resulting from changes to government training subsidies and \$170m from the withdrawal of any funding differential to TAFE providers (known as the ‘full service provider’ funding) and funding to maintain capital assets. The removal of full-service provision funding, price equalisation and stripping out of all but a few community service obligations meant little, if any, differentiation between public and private provision in future. “To quote one institute board president, it looks like the money has been engineered to drive a strategy when a strategy should have been used to drive the money.”⁴⁴ The impact of the changes to funding TAFEs have the potential to severely impact on TAFE providers abilities to invest in professional development, new teaching and learning practices and cross-subsidise community services obligations.

The seeds of the next market failure were then sown. *Refocusing Vocational Training in Victoria* implemented the next round of reforms including drastically reviewing Victorian Government subsidies for VET, including the introduction of five subsidy bands with subsidies ranging from under \$2 per hour (Band E) to in excess of \$10 per hour (Band A). Those courses under most serious threat are now funded at only \$1.50 per delivery hour. This includes many hospitality, business administration, events management and sport and recreation fields of study.

The shift in market offerings at Band E following implementation of the reforms on 1 July 2012 is evidence of this. Pre-July 1, 2012 21% of commencing enrolments occurred in courses now deemed as lowest funded (Band E). For the six months ending 31 December 2012, 9% of commencing enrolments occurred in courses now deemed as lowest funded (Band E). There is little or no prospect of delivery from the private or public sector in courses deemed low value, but for which industry has dictated an entry-level role in the national training system, and by means of which many disadvantaged learners proceed to find their first foothold in meaningful employment. These reductions have been state-wide. Many TAFE providers have withdrawn from offering these qualifications yet in regional Victoria it has been reported to VTA there are skills shortages in these occupational groups. There was excessive growth in some of these qualifications of up to 400%⁴⁵ in some areas of

⁴⁴ ibid

⁴⁵ <http://www.education.vic.gov.au/training/providers/market/Pages/reports.aspx>



metropolitan Melbourne. No doubt something had to be done but the response strategy was poorly thought out.

The community backlash to the cuts to TAFE providers' funding has been astounding. There have been over 1700 media reports on funding cuts to TAFE⁴⁶ from 2012 and into the current year. VTA has collected over 250 media reports describing community reaction to the funding cuts in Victoria and the impact of the funding reforms on our members. This number does not include a plethora of reports in regional and suburban media. Seventeen local government areas publicly condemned the cuts to TAFE. Hansard records consistently show the depth of public concern in the debate and tabling of petitions condemning the cuts to the TAFE sector. Businesses and industry peak bodies have been outspoken in response to the funding cuts to TAFEs. Victorian Farmers' Federation president, Peter Tuohey, is quoted in the Australian (14 July, 2012) "the TAFE cuts threatened provision of service in regional areas at a time when a state parliamentary report in May (2012) said there was a 100,000 shortfall in farm labour nationally." Michael Walker, chairman Primary Skills Victoria said he expected several schools to close their agricultural programs "because of the change in subsidy rates." (The Weeklytimesnow, 4 July 2012)

In response to the changes to government subsidies, hundreds of course closures in Victorian TAFEs were widely reported including in thin markets (for example AUSLAN, printing, jewellery making, clock making, orthotics/prosthetics and boatbuilding), where government subsidies could no longer meet the delivery costs (business administration, sport and fitness, retail, hospitality, events management, tourism, visual arts) and in regional areas. Hume Whittlesea Local Learning and Employment Network executive officer Bill Threlfall describes these as often re-engagement courses for young people.

The income could not cover the delivery costs and many courses are no longer viable yet remain in-demand in some sectors. In response to the closure by RMIT of Victoria's only TAFE training centre for apprentices preparing for a printing career, Printing Industries Association Australia's Victorian state manager, Ron Patterson said "the decision was very much a shock to me and the industry as a whole. (The Age, 5 June 2012). A feature article in The Age, 7 July 2012 tells the story of the impact of course closures in the Latrobe Valley region of Gippsland is attached as Appendix 1.

Many of the courses targeted for closure are popular with women as a means to re-enter the workforce. In September 2012, VTA undertook an analysis of the impact of the changes to government subsidies on 20 popular VET courses significantly impacted by funding cuts announced in the Victorian budget May 2012. The analysis looked at gender enrolment and examined the percentage cut to TAFE per course. The analysis revealed the TAFE funding cuts deliver a cut, in real funding terms when full service provider payment withdrawal is taken into account, to courses popular with women as much as 85%, while apprenticeship courses dominated by male enrolments are cut in the vicinity of 6%. Using 2011 enrolment figures, the cuts to 10 courses popular with women would have an immediate deleterious impact on over 65,000 Victorian women in 2013. To manage the market for VET purely by price is causing an apparent major disadvantage to women or causing them to change their preferred course of study and career aspirations. VTA is maintaining a watching brief

⁴⁶ <http://www.scoop.it/t/tafe-in-Victoria?>



on enrolment patterns in 2013 to identify any negative trends in enrolments by women. It stands to reason that where those fewer remaining courses continue, they will incur higher student fees. Disproportionately, more women face life changing decisions about whether they can afford to study these programs or not.

VTA is also most concerned that a one-size-fits-all approach has been taken to funding qualifications where a qualification, regardless of delivery location, has the same base funding. The impacts may be hardest felt in regional Victoria where no provider can afford to offer training in some areas. For example, Business Administration Certificate II is funded at \$1.50 per hour (\$1.57 in regional postcode).

“In previous years participation in the Certificates III and IV in Business Administration was very strong. This program was delivered at three campuses... In 2012, 180 individuals were enrolled either in the whole course or in unit of the courses. The primary cohort for these qualifications is mature age women returning to study either to gain a qualification for the first time to enter employment or to upskill or to improve their employment prospects. The placement of these programs in Band E has rendered these programs unviable for GippsTAFE to offer at any of its campus locations.

Many people in regional centres in Gippsland, women in particular, do not have the confidence to return to study higher levels of qualifications and therefore access to the certificate levels has provided a critical pathway for them.

Local businesses have also expressed their concern at the demise of these courses from GippsTAFE’s offerings as they have supported their staff to upgrade their qualifications through enterprise-funded professional development. Retail has been identified as one of the top five industries in Latrobe Valley; business administration skills are required for retail and small to medium enterprises to operate successfully. Many people in the Gippsland region gain their first job in a small business. These funding changes have removed an entry path to employment for them.”
(GippsTAFE report, 2012)

While exact figures are not known, conservative estimates are that at least 1500 TAFE staff have left the Victorian TAFE sector since the announcements of the funding cuts in May 2012 through redundancies or non-renewal of fixed term contracts. The impact has been severely felt in service areas with library opening hours being reduced, fewer customer service staff and fewer disability liaison officers. TAFE providers had to resource the cost of redundancies entirely from existing resources. Reductions in the staffing complement were typically between 10%-25%.

Victorian TAFE providers have been adversely affected by the diminished reputation of VET qualifications once the public became aware of the behaviours of unscrupulous training organisations. 2011 and 2012 saw Victoria awash with numerous, well publicised, shonky, fly-by-night private providers delivering qualifications in a fraction of the time it takes at reputable providers and offering financial and other inducements to students and employers to enrol in courses. The



Consumer Law Action Centre felt compelled to publish a guide on avoiding common problems in private colleges in response to students' complaints.⁴⁷

These private providers made extraordinary gains from government funding as shown by an FOI request released by the Australian Financial Review http://www.afr.com/rw/2009-2014/AFR/2013/03/12/Photos/3f674c8c-8aad-11e2-b3be-e962dfe94952_RTO%20subsidies%20list.pdf Refer to Appendix 2 for an annotated list. The actions of these providers damage reputable private providers as well as TAFE and ultimately the integrity of Australian VET qualifications and a crisis in confidence among businesses of the quality of training outcomes. Steps have been taken in the State of Victoria to monitor suppliers' prices (Market Monitoring Unit) and to strengthen the criteria for providers to access government subsidised training but it will take some time to reverse the damage caused to the reputation of VET in the past two years. VTA is not convinced at this point in time that industry skills needs for high quality training outcomes are being met in Victoria. VTA encourages the Committee to explore State-based reforms that more closely align vocational education and training to industry skills needs particularly for paraprofessional occupations.

In an interview with Campus Review (17 September 2012), the Business Council of Australia's director policy, Claire Thomas said "there were gaps in the design of the (VET) market when the reforms were first launched, and to some extent Victoria's (government) has been having to make it up as they go along. The fundamentals required to underpin market design were not in place when the reforms were introduced, noted Thomas, such as adequate information for students, suitable prices for courses, appropriate subsidies for providers and sufficient regulator mechanisms." VTA agrees.

It is clear from comments by The Hon. Senator Chris Evans⁴⁸, then Minister for Tertiary Education, Skills, Science and Research, and by the NSW Education Minister The Hon. Adrian Piccoli,⁴⁹ that the Victorian VET marketised system would be assiduously avoided federally and in NSW. Currently, no other state or Territory in the Commonwealth appears likely to embrace or adopt the Victorian system. It in fact serves as a warning to other governments not to adopt the Victorian system.

⁴⁷ See <http://consumeraction.org.au/private-colleges/>

⁴⁸ *MEDIA RELEASE Time ticks on Victorian TAFE job losses, 31 May 2012*

⁴⁹ *Sydney Morning Herald, 12 January, 2012*



Conclusion

In 2011, in excess of 1,260,000 individuals enrolled in vocational education and training programs in TAFE. The critical importance of TAFE to changing the lives of individuals is best understood by hearing their voices. VTA encourages the Committee to avail itself of the opportunity to hear the voices of employers and graduates. Lisette Mill, 2011 Victorian Vocational Student of the Year, completed her vocational training at South West Institute of TAFE and currently works as a Landcare facilitator, project officer and a research assistant in the South West region of Victoria. Lisette addressed TAFE, industry and community leaders and telling them about how TAFE changed her life. Listen to Lisette's story at <http://www.vta.vic.edu.au/images/Lisette%20Mill%20-206%20TAFE%20gifts.mp4> or read the transcript of her presentation to TAFE, industry and community leaders and telling them about how TAFE changed her life and gave her 6 gifts: new eyes, new ears, new voice, new legs, a new job and a new heart.

TAFE the Six Gifts - the things that make TAFE unique "TAFE changed my life."
Not, "I qualified" but "TAFE changed my life." Ask yourself TAFEs, what is it that you sell? Qualifications? Training? That is not unique to TAFE. Facilities? Industry experienced teachers? Again, not unique to TAFE. Hands on experience? Flexible delivery? Still not unique. When a business like TAFE reaches the tipping point, when funds are cut and uncertainty is rife, when the economic condition of that business is powerfully stressed, there is a time when how to survive becomes very, very clear or it's lost in the scurrying to stay afloat. I am sitting here as an example to provide you with some of that clarity. The answer to what it is that TAFE can sell and be unique. TAFE changed my life and my senses. The grey hair came later. I call these changes the six gifts, and if you are smart you will take them and shout them as loudly as you can to all your potential customers because these are the things that make TAFE unique.

Gift no. 1 – new eyes. To see the previously unseen. For example – on a recent train journey to Melbourne, I saw a scar tree beside the track, and I was able to instigate the necessary planning protection for that single, anonymous, eucalyptus in a paddock at Colac.

Gift no. 2 – new ears. To hear a Minister say there will be no diminishing of frontline services at a public forum and immediately action and think on what I have heard to stand up and ask with

Gift no. 3 my new voice, 'Minister, the Warrnambool branch of Department of Sustainability and Environment, Department of Primary Industries and Parks Victoria is now closed daily between 1 and 2pm due to staff cuts. Would you please explain to me how that is not diminished frontline services?

Gift no. 4 – new legs and the wits to use them especially after the aforementioned meeting to dodge The Age environment reporter so that I can keep my

Gift no. 5 new job - a whole new industry, from debt collection, to sales, to business ownership, to Landcare which has given me



Gift no. 6 a new heart to desire, to continue to learn and to grow so that I can become a better resource for my community and my family. A new heart also to see that in gaining these six gifts, over and above my diplomas, that my experience is the reflection of what it is that you could market to survive and thrive. ”

In the past decade, Governments’ responses to the recommendations of the Bradley Review of Higher Education have transformed that sector. Governments’ responses to the Gonski Review of School Education are likely to do the same for schools. There has been a plethora of reviews of aspects of vocational education and training by states and territories investigating state based systems, the Australian parliament (for example, international education) and key stakeholders (industry peak bodies, industry skills councils, Skills Australia and the Australian Workforce Productivity Agency).

The VET system is crying out for sound and appropriate underpinning principles not ad hoc inconsistencies across state borders. While VTA does not call for a nationalised VET system, we are calling for a greater degree of national consistency under the National Partnership Agreement in the treatment and underpinning policy principles applying to the role of the public TAFE provider in the contestable market place.

We have nationally accredited training packages, national recognised qualifications hierarchy, national quality assurance standards through NSSC and ASQA registration, scope and compliance requirements. We should, in the national interest, have nationally approved and enforceable principles applying as the minima to public providers in the contestable marketplace.

The VTA would suggest that we can glean from the Victorian experience some key features that would form the minimal requirements of the interpretation of clause 6(d) and 29(b) of National Partnership Agreement. These are:

6. The structural reforms and other actions carried out under this Agreement are directed to achieving the reform directions agreed under the National Agreement on Skills and Workforce Development (NASWD) which include:

d. enabling public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities.

29. Jurisdictions will improve the efficiency and responsiveness of the VET system through:

b. development and implementation of strategies which enable public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities.

The time is right for a national Inquiry into Vocational Education and Training, a sector that has not had a comprehensive national review in the past 25 years.



Recommendations

It is imperative to ensure the integrity of the National Partnership Agreement, that minimum key underpinning principles have national application.

VTA proposes the House of Representatives Standing Committee on Education and Training recommends to the Australian Government, as immediate outcomes of the Inquiry,:

1. Acknowledgement of the role of TAFE providers as 'full service providers' and an appropriate level of funding for TAFEs as public providers to meet the costs associated with the relevant community services obligations, public expectations regarding equity of opportunities to access training and for facilities, governance, employment and compliance costs borne as public entities.
2. Consistent minimum eligibility requirements across states and jurisdictions to access government subsidised vocational education and training including:
 - a. The ability for students to undertake more than one government subsidised qualification at a particular level of the Australian Qualifications Framework if the qualification is linked to skill shortage areas or for reskilling where there has been industry failure.
 - b. Universal access to government subsidised qualifications linked to core skills of language, literacy and numeracy (foundation skills).
 - c. National agreement regarding the lifespan of a vocational qualification.
3. Review of funding models for government subsidised vocational education and training and the establishment of nationally agreed principles for provision of government funding for vocational education and training to ensure the skills needs of businesses are met at the local level.
4. To preserve the integrity of the TAFE system, VTA calls on the House of Representatives Standing Committee on Education and Training to recommend to the Australian Government a national inquiry into vocational education and training in Australia, led by eminent Australians. This enquiry will provide clarity of the role of TAFE and a vision for TAFE well into the future.

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Appendix 1

The Age, 7 July, 2012

Regional TAFEs: The Unkindest Cut

THE Waratah training restaurant would be buzzing if it weren't the mid-year break. The Morwell eatery is usually a gathering place for community groups and locals who want a decent meal at a reasonable price. The cutlery is still arranged neatly on the round tables, covered with crisp white cloths and large black material squares. But the eerie quiet offers a glimpse into a shaky future.

The Waratah is one of three GippsTAFE training restaurants where apprentice chefs learn their trade before heading out into the Gippsland region to work. All three restaurants, the institute warns, may close. They could become casualties of the state government's \$290 million funding cut to the TAFE sector.

TAFE executives have already started laying off staff and have stopped offering many courses. The Victorian TAFE Association estimates that at the end of the process at least 2000 people will lose their jobs, and 600 of them will come from regional Victoria.

But TAFE employees and students are not alone in worrying about course and campus closures. In regional centres, TAFE is more than just an educational institution, it is an integral part of the local economy. In the hospitality field alone, it is part of the food web that underlies the often fragile ecologies of these regions.

A training restaurant not only provides practical experience for students, it keeps them and their skills in the area; it provides a steady income for local suppliers; a place for community groups to hold special events; and offers aspiring musicians a chance to play before a crowd.

Gippsland Trades and Labour Council secretary John Parker estimates that for every dollar that is cut from TAFE institutes, the impact to their surrounding communities is more than twofold. "In an area such as Gippsland, where we're trying to put together a transition to a low-carbon economy, that effect is even greater," he says.

In Warrnambool, South West Institute of TAFE chief executive Joe Piper says the funding reduction has prompted a furious response in regional Victoria. "I think [the government] underestimated the value of TAFE to the regional and rural communities in Victoria," he says. "The backlash from local government, business and students has been quite overwhelming."

Business owners in regional Victoria - already under pressure with limited pools of customers - are watching nervously to see whether some of their best clients will disappear. They are just starting to feel the broader impact of these TAFE funding cuts. The Waratah, for instance, buys about \$190,000 in produce and goods each year.



Cheffields wholesale meats owner Andrew Smith supplies meat to the institute from the farm he runs with his wife in Bunyip near Morwell. Smith, a former chef, holds grave concerns about the TAFE system's future. He fears apprentices from Gippsland will be forced to study in Melbourne or abandon their career aspirations altogether.

Studying elsewhere means the institutes can no longer promote local goods and this will lead to fewer orders for the region's producers, he says. "It stunts the whole growth of our area in the hospitality industry," he says. "It's just another setback and we don't need it."

Smith says he stands to lose up to \$51,000 a year if GippsTAFE is forced to close its restaurants.

JEREMY Muller's Morwell seafood store is tucked in a corner of the Mid Valley Shopping Centre next to a supermarket. The fish are neatly arranged in the glass display case: fresh maroon tuna, mesh bags of mussels.

Muller helps to train cooking apprentices in filleting fish and selecting the best species for their dishes. He also supplies seafood to the restaurants from his stores in Morwell and Traralgon.

As he sits down to chat, he places a tall can of energy drink on the table. He can do with the caffeine. He often works up to 90 hours a week at his two stores.

During Christmas Muller spends a week away from home, working frantically to ensure his shops are well stocked for the holiday rush. He'll catch a couple of hours' sleep a night in his van.

He knows how to work hard but admits he was an average student. At 27 he has plenty of experience and uses it to train apprentices. He opened his Morwell store in 2008 after working on prawning and scalloping trawlers at Lakes Entrance.

Muller will lose about \$16,000 if the restaurants close. Apart from the hit to his business he fears the cuts will have a more diffuse effect throughout the region. He prefers to sell Victorian seafood and encourages the apprentice chefs to learn more about the benefits of supporting local industry.

Now he fears the knowledge and preference for local seafood will be lost if chefs cannot train locally. "It would be quite a disappointment and a shame to lose the TAFE because that's where a lot of our great chefs in this local area come from and start their career."

The abandoned stoves and cold grills are a small part of a much broader picture. Funding has been withdrawn for several courses such as fitness training and horticulture. Fees will also rise for many courses. Some will be abandoned altogether. GippsTAFE will close its music, radio and administration courses.

Although regional TAFEs have already announced hundreds of redundancies, many institutes have yet to reveal how they will respond to the dramatic decrease in funding. GippsTAFE has already made 32 staff redundant across its three campuses.



Its chief executive, Peter Whitley, expects that number to rise above 100 next year to offset a \$10 million shortfall.

"It's very painful because unfortunately the people that are being made redundant are people who haven't done anything wrong. They've served this institute for many, many years," he says.

In Mildura, Sunraysia Institute of TAFE has cut 26 jobs and will lose \$6.5 million. The staff losses run deeper at Bendigo TAFE, which has made 100 jobs redundant. South West Institute of TAFE is set to cut 43 jobs. Joe Piper says the institute at Warrnambool will lose \$7.2 million next year.

Advance TAFE in East Gippsland has made 32 staff redundant. Acting chief executive Catherine Brigg says the institute's managers regretted the redundancies but had no choice. Her TAFE has also been forced to sell its training restaurant in Sale. Demand remains strong for the cookery courses but associated studies such as "front-of-house" service will be scrapped. The drop in funding for this stream of hospitality will disappear so the restaurant is no longer viable.

The government argues it is working to fix a TAFE system that was haemorrhaging money in subjects with huge enrolments. It has repeatedly pointed to its investment in TAFE as part of its plan to increase the number of apprenticeships. Higher Education Minister Peter Hall says the government is investing an extra \$1 billion over four years and will increase funding for traditional trade apprenticeships.

"The government is increasing subsidies in these important areas, in which TAFEs traditionally have a very strong market share, while reducing subsidies in areas of oversupply or that don't necessarily lead to positive employment outcomes, such as fitness training and many lifestyle courses," Hall says.

Enrolments in fitness courses between 2008 and 2011 increased by 1955 per cent and retail services courses rose by 2700 per cent. "These blowouts were unsustainable and were often at the expense of participation in apprenticeships and areas of skills shortages. This [past] financial year alone we have seen a \$400 million blowout in the training budget," he says.

While TAFE executives accept the system had many deficiencies, they say the cuts are unfair because private colleges in Melbourne were responsible for most of the problems. Private colleges have flourished in recent years and they were the beneficiaries of these "blowouts". Countless institutes have sprung up, promising all manner of qualifications. Many exploited the system by taking government subsidies and churning out qualifications, but they actually offered students very little practical training.

Courses such as business administration, which requires relatively little equipment, proliferated while the government footed the bill.

Back at the Waratah restaurant, GippsTAFE Morwell campus manager John Cargill can barely muster an explanation for the government's decision to slash so much funding to regional institutes. Cargill knows the TAFE system well, having worked in it for 18 years. He started out teaching youth work and community development.



He believes the problems with dodgy private colleges were largely confined to Melbourne. And while there may be a glut of hospitality graduates in the city, this is an area of skills shortage in his part of Gippsland.

Cargill leads *The Saturday Age* on a tour of the campus to reveal how much training equipment the TAFE could lose.

We start in the restaurant's spacious kitchen, equipped with all manner of stoves, hotplates and grills. Apron-clad students in white caps huddle around a stainless steel bench.

A small lecture theatre sits beside the kitchen with foldout single desks and a mirror attached to the ceiling so students get a bird's eye perspective of a chef's hands at work during cooking demonstrations.

The music complex includes a recording studio, rehearsal space and dozens of computers where students learn to digitally manipulate their compositions. A Fender bass guitar with its tobacco-coloured body lies casually across a desk. Cargill is unsure what will happen to all the instruments and recording gear.

Gippsland students who want to study music will have to travel to Melbourne to the Northern Metropolitan Institute of TAFE, he says. The institute has 83 students doing music or radio courses.

Music Victoria chief executive Patrick Donovan has written to the minister outlining his concerns about the funding cuts. He says TAFE courses provide students with a pathway into the music industry, which is worth more than \$1 billion to the Victorian economy.

"This is particularly true in the regions, where students don't have the same access to education as city folk," he wrote.

GippsTAFE's radio course, which is also being withdrawn, records radio programs from a small booth with a sound desk. The walls are plastered with posters of pop stars. Students broadcast programs for community radio stations. But all that is about to end.

The massage training room is the next stop and it sits on the far side of a courtyard. Twelve benches are arranged in two neat rows. A model skeleton is perched upright at the front of the room. The diploma in massage is a popular course at the institute, which is planning to offer an advanced diploma next year. But Cargill says fees will rise significantly and he is uncertain if students will be willing to pay.

The retail room is a short walk down a corridor. It is equipped with scanners, computers and keyboards where students learn shopkeeping skills. This course has been scrapped.

Amy Cooper worries about how the changes will affect her job prospects. The 20-year-old tourism student from Morwell had a clear plan to get a job as a travel agent. She had hoped to study administration after completing her tourism diploma to help gain a competitive edge in the workforce.



Cooper now feels disadvantaged because GippsTAFE will stop offering the course. She chose a TAFE course because it offered close contact with her teachers. "I was going to go to uni but I think TAFE is more suited to me," she says. "I like contact time so I can ask my teachers questions."

Cooper fears her younger brother and sister will not get the same opportunities to study.

Beef supplier Andrew Smith believes the community surrounding GippsTAFE will be reeling once courses and facilities are permanently closed. He is one of a wide group of business owners, including local cheese, milk and poultry producers, who will be hurting if GippsTAFE is forced to cut back on services such as its restaurant.

He says communities will feel the ripple effect of the cuts for years to come. "It stretches wider and further than just a TAFE."

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Appendix 2

Government subsidies paid to private registered training organisations 2011-2012

Document provided to the Australian Financial Review in response to FOI request and available at http://www.afr.com/rw/2009-2014/AFR/2013/03/12/Photos/3f674c8c-8aad-11e2-b3be-e962dfe94952_RTO%20subsidies%20list.pdf

Annotated list of Victorian government subsidies paid to private registered training organisations 2001-2012 (following 10 pages).