

# NSW TAFE Commission Board

## Submission to the House of Representatives

### Standing Committee on Education and Employment

### Inquiry into the role of TAFE

#### Executive summary

The NSW TAFE Commission Board welcomes the opportunity to respond to the Commonwealth House of Representatives Standing Committee inquiry into the role of the Technical and Further Education (TAFE) system and the recognition of the vital role of TAFE in skilling Australia's workforce.

For over 120 years, TAFE NSW has been the backbone of the NSW training system. Through the *Technical and Further Education Act 1990* (NSW), TAFE NSW has a statutory responsibility to develop the skills required for the NSW economy and increase opportunities for people to improve their life and employment options.

The NSW TAFE Commission Board provides strategic advice to the Minister for Education on the priorities for TAFE NSW and its achievements against the NSW Government's key economic goals. The Minister takes this advice into consideration when giving directions to the Managing Director with respect to managing and controlling the affairs of TAFE NSW. The ten TAFE NSW Institutes of the Commission operate as a strategic connected state-wide system, with accountability to support Government priorities and local autonomy to meet the needs of the industries and communities they serve.

Since 2007, Commonwealth-led reforms have attempted to create a national market for training that expands participation and builds workforce skills through increasing contestability for public funding. Through the introduction of entitlements to training, the reforms place the student at the centre of vocational education and training.

The NSW TAFE Commission Board recognises the imperative behind these reforms, to increase productivity for the future prosperity of the nation. The Board supports national and state reforms that increase training participation, particularly for regional and disadvantaged learners and those not engaged in the labour market, where these add value and increase quality and outcomes from training. The Board has supported many of these reforms including strengthening quality and regulation, improving consumer information, extending access to income-contingent loans, increasing high level qualifications and expanding pathways into higher education.

The Board considers it essential that these reforms also focus on recognising and sustaining the contribution of TAFEs as public providers of vocational education and training to the national, state, regional and local economies of Australia. As part of its training reforms, the NSW Government has placed TAFE NSW at the centre of its reforms to play an important role as the State's public provider by ensuring students, employers, industry and

communities have access to high quality education and training services aligned to the skill needs of our State.

### **Recommendations**

To support the ongoing vital role of TAFE in Australia, this submission recommends the Commonwealth Government:

1. publicly articulates the role and value of TAFE and the essential contribution TAFE makes nationally to the economy, community and in addressing disadvantage
2. increases Commonwealth funding for vocational education and training (VET) by at least the Consumer Price Index (CPI) per annum to work towards parity between the education sectors
3. amends the rules regarding the National Workforce Development Fund to allow training providers to have direct access to funds to facilitate and support the engagement of small and medium enterprises
4. extends the streamlined visa processing and post-study work rights available to international students enrolling in universities to students enrolling in public TAFE institutions
5. strengthens the role of TAFE in providing tertiary pathways by:
  - recognising the contribution, capacity and quality of TAFE Institutes as tertiary providers
  - agreeing to the provision of Commonwealth Supported Places higher education funding for public TAFE Higher Education providers to deliver undergraduate degrees in skill priority areas linked to low socioeconomic targets
  - supporting existing TAFE NSW Institutes' bids for Education Investment Fund (EIF) funding
  - consulting with stakeholders to develop a principles-based framework that encourages TAFE and higher education collaborations to make the most efficient use of public funding and facilities
6. increases the level of funding available to the Australian Skills Quality Authority (ASQA) to support a higher level of quality under revised national standards for National VET Regulator registered training providers
7. promotes opportunities for States to work together to ensure that their students, employers and training providers in cross border regions are not disadvantaged and can benefit from VET reforms.

## THE ROLE OF TAFE AS THE PUBLIC PROVIDER

The NSW TAFE Commission Board welcomes the opportunity to examine the public value of TAFE and the critical role TAFE has played in supporting the development of the skills base of our economy and communities for over 120 years.

Over the past twenty years, the VET sector has undergone significant change across Australia in the move to a national training market and the opening of formal VET provision to a wide range of private, enterprise and community based training providers. TAFE NSW has evolved and transformed in response to changes in policy, industry priorities and community needs.

As the national training market has evolved there have been numerous attempts at the national level to describe and define the role of TAFE. To varying degrees, State and Commonwealth governments recognise the unique role of public providers, particularly in terms of providing employers and individuals with broad access to the skills and training needed to sustain and grow regional and local economies.

The TAFE Directors Australia's *National Charter for TAFE* sets out the essential role TAFE Institutes play in offering the full range of student and equity group support services. The National Charter emphasises the distinct role of TAFE in the current tertiary environment to directly support the government's productivity and participation agenda.

The Australian Workforce Productivity Agency's *Future focus: 2013 National Workforce Development Strategy* emphasises the need to ensure that TAFE's distinctive role and position in the national VET system is funded appropriately, particularly its capacity "to offer vital programs in industry areas and geographical locations that other providers would find problematic"<sup>1</sup>.

The current National Partnership on Skills Reform requires State Governments to implement a national training entitlement but, in so doing, recognises the need for the States to take action to support their TAFEs in "enabling public providers to operate effectively in an environment of greater competition" (paragraph 29 [b]). Some State Governments have made specific provision in their reforms, and earmarked funding to their public providers to acknowledge their unique role.

In October 2012, the NSW Government announced the introduction of its *Smart and Skilled* reforms. From 2014, consistent with the *National Partnership Agreement on Skills Reform*, the NSW Government will introduce reforms including a training entitlement and increased contestability of public training funds. The planned NSW reforms, discussed later in this submission, recognise the critical role of TAFE NSW in meeting the Government's social and economic priorities and the training needs of industry and regions.

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<sup>1</sup> *Future focus: 2013 National Workforce Development Strategy*, Australian Workforce Productivity Agency, 2013, p15.

The NSW TAFE Commission Board recognises the need for reforms in the tertiary sector to increase labour market participation and workforce productivity. The Board agrees that reforms are necessary to achieve this expansion.

Under *Smart and Skilled* reforms to be introduced in New South Wales from 2014, TAFE NSW will play an important role as the State's public provider by ensuring students, employers, industry and communities have access to high quality education and training services aligned to the skill needs of our State.

The NSW TAFE Commission Board has consulted widely on the role and value of TAFE with key stakeholder groups and has defined the key roles of TAFE NSW as follows:

- A **state-wide skills provider** that ensures essential service provision across the State, particularly in rural and regional areas
- A **broad skills provider** ensuring students, communities and industry have education and training choices and access to support services
- A **key skills provider** in areas of Government economic and social priority and areas needing rapid response or of strategic importance, including regional economic development
- A **major provider to equity groups** with a central focus on increasing workforce participation
- A **major educational pathways provider** supporting pathways across schools, VET and higher education
- A **high quality provider** delivering outcomes which meet or exceed national benchmarks and customer expectations
- A **modern, innovative and entrepreneurial provider** contributing to the State's growth in productivity through education exports and innovative partnerships with enterprises.

It is clear to the TAFE Commission Board that the community and industry have high expectations of TAFE NSW, particularly in rural and regional centres. This is in large part due to the statutory role TAFE NSW plays to ensure that the people of NSW gain the skills they need to contribute to the NSW economy, wherever they live and whatever their disadvantage. To achieve this, TAFE NSW maintains its extensive footprint of colleges across all regions of NSW and provides essential, 'wrap around' support services such as counselling, disability support and language, literacy and numeracy tuition. But these services come at a cost. The value of TAFE NSW as a network of Institutes provides several benefits to stakeholders: efficiencies from the economies of scale, breadth of industry coverage, management of thin markets as well as growing differentiation and specialisation.

In recognising the role of TAFE NSW as the public provider, the NSW Minister for Education will issue a Statement of Owner Expectations to support TAFE NSW's unique and critical role. This statement will explicitly state priorities for TAFE NSW to ensure its provision is aligned to the Government's priorities, including meeting specialist skill needs and training in rural and remote areas and in thin markets. The NSW Government will also allocate a separate and distinct budget to TAFE NSW linked to specific accountabilities to fund its operation and meet its community service obligations.

The Commonwealth can recognise the value of TAFE and ensure its future as the public provider by issuing a statement that would:

- articulate the role and value of TAFE
- identify the essential contribution TAFE makes to the economy, community and in addressing disadvantage
- recognise the importance and cost of TAFE's 'full service' provision particularly in regions, thin markets and for disadvantaged students.

***Recommendation:***

*That the Commonwealth Government publicly articulates the role and value of TAFE and the essential contribution TAFE makes nationally to the economy, community and in addressing disadvantage.*





to extend access to tertiary qualifications that directly meet the growing skill needs of employers and communities. This approach enables local communities to grow local economies.

TAFE NSW's customised delivery is particularly significant in locations where there are high levels of unemployment. TAFE NSW Institutes are able to support Commonwealth initiatives to address the acute disadvantage of people in specific geographical locations, such as the *Remote Jobs and Communities Program* and *Supporting Jobless Families*, through their training presence and support in targeted areas such as far Western NSW, the Illawarra, Central Coast and South Western Sydney. Between 2008 and 2012, the number of TAFE NSW enrolments by unemployed students increased by over 41 per cent (from 99,937 to 141,234). Students from regional and remote areas increased by 19 per cent (from 199,360 to 236,849).

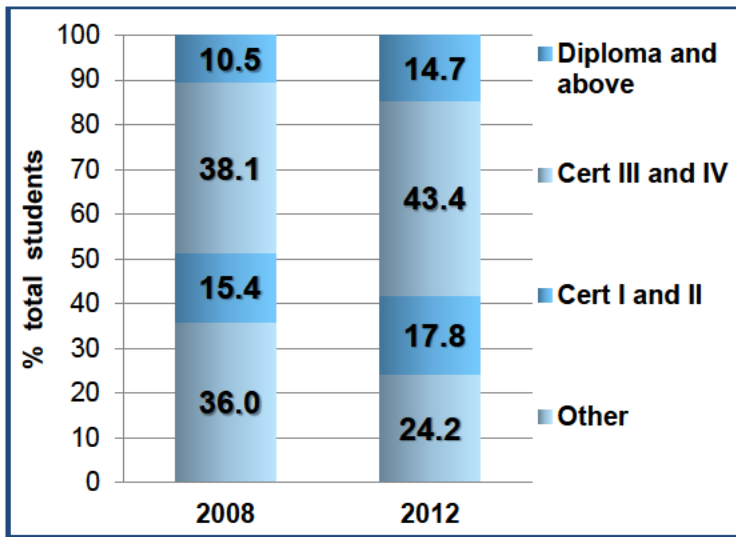
TAFE NSW meets the needs of employers and industry by delivering training across the State in workplaces, online, blended learning and face to face. Between 2008 and 2012, TAFE delivery outside the classroom increased from 28 per cent to over 45 per cent of delivery effort. TAFE NSW is a high quality provider exceeding benchmarks across the State by developing and delivering high quality products.

TAFE NSW offers a range of customised workforce development solutions to enterprises to upskill, recognise prior learning or meet legislative requirements for existing workers. In 2012, TAFE NSW enrolled over 42,700 apprentices and 14,500 trainees. Employers and industry can access TAFE training in over 1,700 nationally recognised training package qualifications.

TAFE NSW Institutes offer centres of excellence in specialist skills, in areas of labour market priority such as high cost programs in thin and strategic markets where specialised and expensive infrastructure is required. TAFE NSW works with enterprises to improve productivity and supports the State's economic and social priorities guarding against market failures.

The NSW TAFE Commission Board supports public funding being aligned with the skills in demand, to avoid skill shortages and support industry and regional development. In response to the need for higher level skills in our economy, TAFE NSW has encouraged increased student enrolments in programs at or above Australian Qualifications Framework (AQF) level III. Between 2008 and 2012, enrolments in these high level programs increased by over 81,800 or 38 per cent. Figure 2 shows how TAFE NSW has changed its delivery profile to ensure that students are gaining the higher level skills needed for industry and the productivity of the State.

Figure 2. TAFE NSW – Student profile shift by qualifications delivered



Source: TAFE NSW, 2012

**Commonwealth funding to support achievement of targets**

Governments are introducing significant reforms in the Australian and NSW VET sectors to improve productivity by raising the skill levels of the Australian population and increasing participation. The Board supports the targets for increased participation in training and completion, particularly of higher level qualifications, set out in the *National Agreement for Skills and Workforce Development*.

It is essential that public funding is prioritised to the achievement of these targets. However, there has been a reduction in Commonwealth funding for training in the *National Partnership Agreement on Skills Reform* relative to the funding available under the previous *National Partnership Agreement on Productivity Places Program*. In addition, indexation on Commonwealth funds for training is inadequate and lags in comparison with the method used to determine indexation for Commonwealth funding to other education sectors.

In *Future focus: 2013 National Workforce Development Strategy*, the Australian Workforce Productivity Agency (the Agency) recommended that Australian governments support an expansion of public and private funding of at least three per cent per annum to meet industry demand and commit further funds to:

- support the less advantaged to participate in training and work
- address the clear and urgent need to improve language, literacy and numeracy (LLN) skills
- increase productivity by supporting workforce development
- improve quality and equity
- ensure we have the adaptive capacity we need to meet the challenges of the future world of work<sup>2</sup>.

<sup>2</sup> Op. cit, p.151.



The Agency also recommended that this additional expenditure increase at an annual rate of \$1,266 million by 2025.

***Recommendation:***

*That the Commonwealth Government increases funding for VET by at least the Consumer Price Index (CPI) per annum, to work towards parity between the education sectors.*

***National Workforce Development Fund***

Workforce development in enterprises leads to more cost effective and better tailored training. The Board acknowledges the support provided to enterprise training through the National Workforce Development Fund. However, the initial upfront consultation and ongoing management costs to the enterprise related to this program can be significant. This has been a barrier, particularly for small and medium size enterprises, which lack economies of scale or specialist staff, to access the funds and workplace training.

Through its established regional and local business and community networks, TAFE NSW can partner with small and medium size enterprises and offer customised workforce development solutions to upskill, recognise prior learning or meet legislative requirements for existing workers. The NSW TAFE Commission Board proposes that the Fund be amended to allocate a component of its resources to facilitation and management costs and to allow training providers direct access to the Fund to manage on behalf of small and medium enterprises.

***Recommendation:***

*That the Commonwealth Government amends the rules regarding the National Workforce Development Fund to allow training providers to have direct access to funds to facilitate and support the engagement of small and medium enterprises.*

***The importance of international TAFE students to the economy***

In addition to its contribution to skills development in NSW, in 2012 TAFE NSW enrolled 3,805 international students from 97 countries. In 2012, international education generated approximately \$15.1 billion from spending on fees and related goods and services by onshore students. As well as growing local enrolments of international students, TAFE NSW is extending its reach through international projects in regions around the world including Asia, South Asia, Europe, the Americas and the Middle East. International education has made a significant contribution to the NSW and Australian economies and will continue to be central to Australia's future in the Asian Century.

Australia's international education industry has been affected by the high Australian dollar and changes to both Commonwealth international education regulations in 2010 and subsequently, in 2011, to immigration rules. Australian Education International year-to-date figures for February 2013 show VET enrolments and commencements nationally fell by 13.9 per cent and 4.5 per cent respectively compared with February 2012. This follows four successive years of declining international onshore commencements in the VET sector.

The Board supports legislative and regulatory measures to improve domestic and offshore delivery of international education by high quality VET providers and encourages the

Commonwealth to recognise the high quality and low risk of TAFE providers, by enabling them to offer streamlined visa processing, a process currently limited to universities only.

***Recommendation:***

*That the Commonwealth Government extends the streamlined visa processing and post-study work rights available to international students enrolling in universities to students enrolling in public TAFE institutions.*

## **THE DEVELOPMENT OF OPPORTUNITIES FOR AUSTRALIANS TO IMPROVE THEMSELVES AND INCREASE THEIR LIFE AND EMPLOYMENT PROSPECTS**

Governments recognise that to achieve state and national targets to double the number of people with diploma and above qualifications by 2020 all Australians need to increase their participation in training. TAFE NSW has a proven track record in supporting all learners, including those who are educationally and economically disadvantaged and for remote and rural communities, to increase participation in higher level qualifications. TAFE NSW provides skills and job outcomes for school leavers, existing workers and career changers, in qualifications from short courses to Bachelor Degree programs. TAFE NSW has developed new tertiary products to create seamless pathways for students to succeed in attaining higher level qualifications.

Since 2011, TAFE NSW has been approved as a non self-accrediting higher education institution offering degree level qualifications. In 2012, TAFE NSW Higher Education offered eight undergraduate programs at 14 locations and had over 390 student enrolments. Between 2011 and 2012, enrolments in the five Bachelor Degrees increased from 23 to 345, including 112 enrolments in the Bachelor of Early Childhood Education and Care (Birth–5) in 2012. TAFE NSW Higher Education students have already graduated from courses including Bachelor of Design (Interior Design), Bachelor of 3D Art and Animation and the Associate Degree of 3D Art and Animation. Between 2013 and 2015, additional undergraduate programs will be developed. TAFE NSW Higher Education degrees are accredited by the Tertiary Education Quality and Standards Agency.

TAFE NSW has built a new tertiary pathway model, developed specifically for learners who may not have previously considered enrolling in a degree because of their lack of formal education, their personal expectations or their socioeconomic background. TAFE NSW Associate Degrees are marked by the close involvement of industry and university partners in their development and the consequent 'job readiness' of graduates. The Associate Degree combines industry expertise with higher level learning, to create new and streamlined pathways for students who otherwise would not have accessed traditional university degrees. TAFE NSW higher education courses include an internship, and offer advanced standing to students who have completed related VET training programs.

In establishing itself as a higher education provider, TAFE NSW has been very clear about its mission which builds on its capabilities as a tertiary provider. TAFE NSW Higher Education aims to:

- enhance and expand opportunities for students from all communities to attain higher education qualifications i.e. extend higher education reach
- build on TAFE NSW's strengths of a hands on, applied learning approach in a vocational setting
- strengthen pathways and employment outcomes for students.

### ***Funding barriers and inconsistencies for TAFE students in accessing higher level qualifications***

While TAFE NSW works to create new pathways and opportunities for our students, there are barriers and policy contradictions that prevent TAFE students from fully accessing these opportunities.

A mismatch has developed between the Commonwealth policy of public funding for VET qualifications to an expanded provider market, and the public funding of uncapped university-delivered undergraduate places. This is further aggravated by the inconsistencies in the provision of student support that disadvantages TAFE students relative to university students. Expanding access to VET FEE-HELP for subsidised VET Diplomas and above will assist. However, TAFE and VET students have less access to accommodation and transport support than higher education students.

In 2012, the NSW Government conducted a Review of Tertiary Pathways because of growing concern about barriers to pathways and higher level qualifications. The Review recognised the challenges in preparing students for transition from school to vocational education or higher education, and encouraged more seamless student transitions between the education sectors.

Since 2012, Australian public universities have had uncapped access to Commonwealth funding for domestic students enrolling in Bachelor-level programs. They have also had access, since 2010, to significant additional funding for capital development and funding to support increased enrolments by disadvantaged students (under the Higher Education Participation and Partnership Program). Despite this, the tertiary participation rate for Aboriginal students remains unchanged and well below the 2020 targeted increase. Similarly, the participation rate for low socioeconomic students has not increased to the level required to achieve the 2020 target.

In order to address the shortage of higher level skills it will be essential to ensure that the tertiary resources are used wisely and duplication is avoided. TAFE NSW Institutes provide pathways from entry level qualifications through paraprofessional and now, in many cases, degree programs.

TAFE NSW Higher Education receives no public funding. This means students must pay the full costs of delivery. These students do have access to Commonwealth FEE-HELP loans. However, these loans attract an additional 25 per cent administrative charge which does not apply to university students.

In entering the higher education sector, TAFE NSW has not set out to compete with universities or private higher education providers but rather focus on our strengths and take a partnership approach to building pathways.

The Commonwealth's savings in the higher education portfolio to fund school education reforms announced on 14 April 2013, strengthens the imperative for the higher education and VET sectors to work in partnership to maximise the benefit of finite public resources.

However, there is considerable uncertainty over joint university and TAFE Institute bids under the Commonwealth's Education Investment Fund (EIF). This funding is essential to support collaboration between tertiary providers. The initial success of the new health and medical research campus at Port Macquarie, involving TAFE NSW – North Coast Institute, the University of New South Wales and the University of Newcastle, provides an indication of the benefits of collaboration. The EIF also supports TAFE NSW activity in niche industry areas including TAFE NSW – Sydney Institute's Transport Technology Centre of Excellence. The NSW TAFE Commission Board encourages the Committee to support future TAFE NSW bids.

The Australian Workforce Productivity Agency's report, *Future Focus*, noted the need for a review of the interface between TAFE and higher education qualifications and the delivery of higher education qualifications in TAFE institutions. Earlier this year, the previous Minister for Tertiary Education Skills, Science and Research, the Hon. Chris Bowen MP called on his department to work with Universities Australia, to advise on a principles-based framework to inform the evolution of a more inter-connected tertiary education sector. This framework would preserve the distinctiveness of each sector, but also allow room for the development of new ways of delivering tertiary education, potentially leading to the creation of new institutional forms and arrangements.

There is a need for stronger partnerships between TAFE and universities that provide pathways into higher education including TAFE delivery of higher education qualifications to cater for a broad range of learners and communities beyond the traditional university student base, and avoid duplication of effort and resources.

***Recommendation:***

*That the Commonwealth Government strengthens the role of TAFE in providing tertiary pathways by:*

- *recognising the contribution, capacity and quality of TAFE Institutes as tertiary providers*
- *agreeing to the provision of Commonwealth Supported Places higher education funding for public TAFE providers to deliver undergraduate degrees in skill priority areas and linked to low socioeconomic targets*
- *supporting existing TAFE NSW Institute bids for Education Investment Fund funding*
- *consulting with stakeholders to develop a principles-based framework that encourages TAFE and higher education collaborations to make the most efficient use of public funding and facilities.*

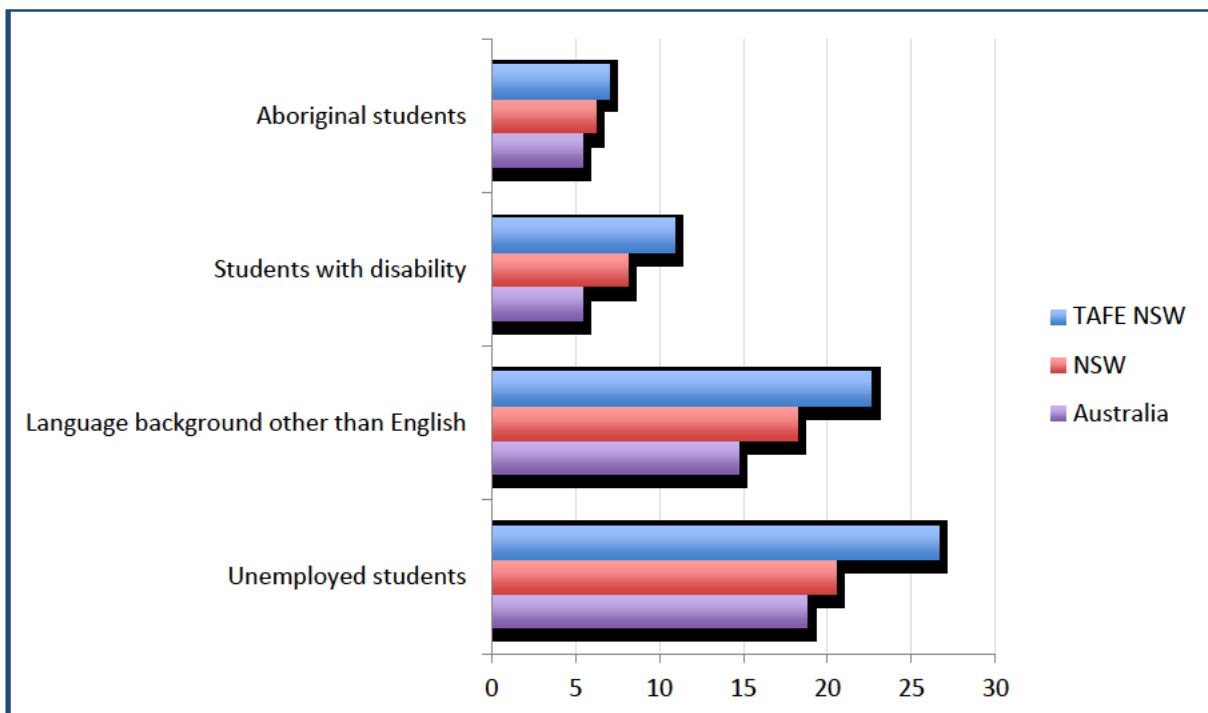
## THE DELIVERY OF SERVICES AND PROGRAMS TO SUPPORT REGIONS, COMMUNITIES AND DISADVANTAGED INDIVIDUALS TO ACCESS TRAINING AND SKILLS AND THROUGH THEM A PATHWAY TO EMPLOYMENT

TAFE NSW plays a critical role in increasing participation in the workforce by providing pathways to further education or employment, as well as providing second chance learning opportunities for people from disadvantaged backgrounds. To do this TAFE NSW Institutes provide essential student support: contextualised language, literacy and numeracy, disability support, counselling and childcare. TAFE NSW is often the only provider of post-compulsory education in many areas, ensuring access for disadvantaged individuals and communities.

TAFE NSW provision to disadvantaged people is reflected in its student profile. The most recent national data show that 306,600 TAFE NSW government funded students included Aboriginal students (7 per cent), students with a disability (10.9 per cent), unemployed students (26.6 per cent) and students from language backgrounds other than English (22.6 per cent).

TAFE NSW has a greater representation of students from equity groups within its total student population, compared with total NSW or Australian VET populations.

**Figure 3 Percentage of students from equity groups – 2011**



Source: NCVET Students and Courses 2011

Through its extensive track record in meeting the needs of disadvantaged groups TAFE NSW Institutes are uniquely positioned to work collaboratively with Job Services Australia (JSA) agencies and provide pathways to work for those groups who are highly disadvantaged in the labour market.



### ***TAFE NSW training for Aboriginal students***

TAFE NSW has a strong history in providing training for young Aboriginal people, through culturally appropriate training and a range of support services to assist them to successfully complete higher level qualifications. Most TAFE NSW campuses have an Aboriginal Coordinator and many also have Aboriginal Support Officers. These specialists provide advice on courses, literacy and numeracy programs, applying for ABSTUDY financial assistance and help with enrolment.

From 2008 to 2012, TAFE NSW increased Aboriginal enrolments by 27 per cent to 36,900 enrolments and for Australian Qualifications Framework (AQF) Certificate III and above by 66 per cent to 12,850 enrolments. During this period, for Aboriginal students:

- overall completions increased by 16 per cent from 9,903 to 11,449
- completions at AQF Certificate III and above increased by 83 per cent from 1,436 to 2,628
- completions at AQF Diploma and above increased by over 154 per cent from 146 to 371.

Importantly, for the same period for Aboriginal students aged 15–24 years, completions in AQF Certificate II and above increased by 90 per cent to 1,838 completions.

In 2012, TAFE NSW enrolled Aboriginal students in Bachelor Degree qualifications for the first time.

This growth in skills, qualifications and student pathways is a major achievement for Aboriginal students in NSW.

### ***TAFE NSW provision for school age students***

TAFE NSW Institutes work collaboratively with government and non-government schools to improve school retention particularly through TAFE delivered VET in Schools (TVET) programs. The TVET program enables senior secondary school students to enrol in a wide range of nationally accredited VET programs and school-based apprenticeships and traineeships as part of their Higher School Certificate. In 2012, over 23,000 senior secondary students enrolled in a TVET course as part of their Higher School Certificate.

TAFE NSW Institutes assist young people at risk of disengaging from education by offering them a second chance at education and by assisting them to transition into post school education, training or employment. TAFE NSW Institutes provide 'school equivalent education' to more than 20,000 young people per year. TAFE NSW Institutes also deliver employability, language, literacy and numeracy skills programs in a vocational context and assist school age students to develop goals for their future training or employment.

***TAFE NSW coverage of high cost training***

The network of ten TAFE NSW Institutes is also able to provide the breadth and coverage of training and infrastructure that supports thin markets. This capacity is needed in areas of strategic importance such as aerospace engineering, or mining in central and western NSW, where student demand may be inconsistent and capital costs high. While each Institute operates autonomously in meeting the diverse needs of their communities, as a connected organisation, TAFE NSW has an important role in delivering Government policy.

## THE OPERATION OF A COMPETITIVE MARKET

### *NSW VET Reform – Smart and Skilled*

The Minister for Education has announced that the NSW training reform, *Smart and Skilled* will be implemented from 1 July 2014. Implementation has implications for consumers, training providers and businesses.

The NSW Government has monitored the outcomes of other States' reforms and has made decisions on its planned approach which will hopefully create a more viable and sustainable training market. These include:

- a focus on quality through a Quality Framework with requirements which strengthen the criteria training providers must meet to be eligible to receive government funding
- the development of a Skills List that identifies the needs of the NSW economy and industry, which will indicate the qualifications eligible for a government subsidy
- the regulation of prices and student fees, based on advice on price and fee arrangements for government funded training by the NSW Independent Pricing and Regulatory Tribunal (IPART)
- implementation of student entitlements to Certificate III with place-based funding to TAFE NSW and other providers for delivery of Certificate IV and above
- recognition of the role of TAFE NSW as the public provider and issuing of a Statement of Owner Expectations, which explicitly states TAFE NSW priorities to ensure its provision is aligned to the Government's priorities, including meeting specialist skill needs and training in rural and remote areas
- funding to TAFE NSW by the NSW Government through a separate and distinct budget with accountabilities to meet its community service obligations.

### ***Managing risk***

The NSW TAFE Commission Board supports the goal of reforming training arrangements through increased choice and competition, while ensuring a reasonable and sustainable supply of skills linked to forecast demand. However, there are significant risks to be managed in extending the training market.

To effectively manage risk, reforms need to be carefully planned, implemented sequentially and monitored closely. With increasing competition for public funding, it is essential that TAFE NSW Institutes as part of TAFE NSW, can operate flexibly in a more deregulated market. TAFE NSW Institutes will be given greater autonomy and the capacity to manage their own revenue, expenditure and assets.

There is a risk that student demand will not deliver the skill mix required by industry. The Australian Workforce Productivity Agency reinforces the importance of 'robust quality assurance' and the need for transparency of information in VET to 'drive quality and client choice'<sup>3</sup>. It is imperative that reliable, transparent information is available to students about course outcomes and career prospects before entitlements are fully implemented. This will avoid the mismatch of skills developing such as has occurred in some jurisdictions. The Commonwealth's *MySkills* initiative will assist prospective students to select an appropriate provider. The Commonwealth should also closely monitor the effectiveness of *MySkills* to ensure that students have sufficient information about providers to make an informed choice.

Equally important is the need to closely monitor misleading advertising that wastes individuals' entitlements. This too undermines confidence in the training market.

### ***Ensuring teacher quality***

There may also be a risk to the quality of training in a more competitive training market. The NSW TAFE Commission Board strongly supports the National Skills Standards Council's (NSSC) proposals to strengthen role statements and requirements for teachers, trainers and assessors to ensure all students have quality learning experiences. The NSSC's *Review of the Standards for the Regulation of Vocational Education and Training* provides an opportunity to ensure that the VET system is trusted in the move towards a more competitive training market.

TAFE NSW teachers have a reputation for their quality and industry expertise and are highly qualified. This is reflected in consistently positive employer and student national satisfaction surveys. In 2011 over 90 per cent of students and 96 per cent of employers were satisfied with the quality of TAFE NSW training<sup>4</sup>. NSW teachers are required to have relevant industry qualifications and current vocational experience in addition to the national minimum teacher training standard, the Certificate IV in Training and Assessment or its equivalent. More stringent qualification requirements apply for teaching specific courses. For example, TAFE NSW language, literacy, numeracy teachers are also required to hold bachelor degrees as a minimum.

Students and employers are the chief beneficiaries of a highly skilled workforce and a high ratio of teaching staff, which brings value to students and enables a stronger focus on customer service. TAFE NSW's focus on highly qualified teachers is supported by its commitment to ongoing professional development opportunities, maintenance of technical currency and continuous improvement in teaching and assessment. TAFE NSW provides study time and financial assistance for teachers to undertake a higher education qualification in adult education. The TAFE Commission Board supports the introduction of quality teaching standards for the VET sector to raise the quality and reputation of the VET workforce nationally.

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<sup>3</sup> *Future focus, 2013 National Workforce Development Strategy*, p.137

<sup>4</sup> National Centre for Vocational Education Research, 2011

### ***Creating a high quality training market at the national level***

A principle of the allocation of public funding should be to create certainty for students and industry, and restore confidence in the quality of training. The NSW TAFE Commission Board supports proposals by the National Skills Standards Council for new and more stringent quality regulation, and that there be limits on the number of licensed training providers that can access public funding. NSW and other States are imposing additional quality criteria for providers in receipt of public funds, to ensure quality of training. However, this requires the establishment of costly duplicate services to monitor and implement at the State level. For national consistency and to increase the public value of vocational training and providers, the Board recommends additional resourcing to strengthen national regulation.

#### ***Recommendation:***

*That the Commonwealth Government increases the level of funding available to the Australian Skills Quality Authority to support a higher level of quality under revised national standards for National VET Regulator registered training providers.*

### **CONCLUSION**

The NSW TAFE Commission Board recognises the need for the TAFE sector to transform in response to growing expectations and competition. However, it is time that the Commonwealth recognised and supported the national TAFE system, which is unique in the world. No other nation has anything equivalent to TAFE, with its commitment to quality, equity, and social and economic outcomes. TAFE NSW is also unique as it is a connected organisation with a brand recognised both nationally and internationally for building work ready skills. TAFE NSW's wealth of knowledge, experience and collaborations with industry makes it integral to securing the best outcomes for the State and the nation.

The Board has appreciated the opportunity to provide an overview of the role and operations of TAFE NSW and its contribution to the NSW and Australian economy. The Board congratulates the Commonwealth Government on taking the initiative to investigate the role and future of TAFE across Australia, and recommends the Commonwealth takes action and plays its part in ensuring the sustainability of this vital institution, which is central to this country's skills development and the key to our future prosperity.