

The Australian Education Union
(South Australian Branch)

Submission to the House of Representatives

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

April 2013

The Australian Education Union (South Australian Branch) welcomes the opportunity to make this submission to the House of Representatives Inquiry into the role of Technical and Further Education system and its operation.

We are the union for TAFE educational managers, lecturers, lecturer's assistants, hourly paid instructors and invigilators. We hold that TAFE is a vital component of public education provision and that a strong and well-supported TAFE is essential for a strong and sustainable economy, and for the empowerment and well-being of all sectors of the community.

Background

As a result of a push by the Federal Government for market reform of VET delivery, the South Australian government introduced the "Skills for All" strategy in 2010 (see Appendix 1 for the Skills for All timeline). The strategy is an "initiative that is changing the way vocational education and training is funded in South Australia".¹ Specifically, it resulted in TAFE now operating in a competitive tendering environment alongside an ever-increasing number of private for-profit registered training organisations (RTOs).

Experience interstate, particularly in Victoria, requiring TAFE to operate in a situation of full market contestability raised serious concerns on our part in relation to the Skills for All agenda.

That concern was shared by a substantial number of individuals and organisations, and a campaign to defend TAFE was initiated by the union.

On November 24, 2011 Dr Bob Such, a former Minister in a Liberal state government for Technical and Further Education, moved the following motion in the House of Assembly of the SA Parliament:

That this house calls on the state government to ensure that TAFE is not undermined by the introduction of full contestability for VET funding, nor by the South Australian government's Skills for All policy.

The motion was carried.

It was an important motion and was the culmination of intensive lobbying by the AEU of state parliamentarians.

The current situation

Regrettably, the South Australian parliament's motion has not had the effect of preventing the undermining of TAFE SA.

¹ <http://www.skills.sa.gov.au/about-skills-for-all>

In March 2011 the chief executive of Business SA, Peter Vaughan, had savaged South Australian TAFE as a “sheltered workshop” for teachers.

They were protected, he said, by the “dead hand of bureaucracy” and by “inflexible” industrial awards.

His chief criticism of lecturers and teachers in the SA TAFE was that they “failed to meet the needs of the business community in filling skills shortages”. (To the extent that this may have been true, Vaughan did not make the obvious link between this and the under-funding of TAFE over many years.)

He called for it to be made easier to sack permanent TAFE teachers and for the removal of the cap on the numbers of casually-employed staff. Industrial agreements should be created for each area of expertise, he said, in a statement reminiscent of John Howard’s AWAs.

How did the state Labor government respond?

Minister for Employment, Training and Further Education Jack Snelling said that by 2012-13 he “expected” TAFE would have to compete openly against private training businesses and organisations. However, TAFE SA would have to do so under restrictive terms and conditions set by the government.

“The Office for TAFE will have more autonomy and flexibility to respond to the market and be competing for training revenue,” he said.

Indeed, one year after premier Jay Weatherill’s new team had been in office, on November 1, 2012, the SA parliament separated TAFE from DFEST, the SA government department of which it had until then been a part, and effectively handed its governance over to the private sector. Then Further Education Minister Kenyon announced that TAFE would now be an independent statutory corporation run by an independent Board. The Board’s inaugural Chair was Peter Vaughan!

The other members of the Board are:

- Mr Rob Chapman. Mr Chapman is a former Managing Director of the State Bank of SA, and was most recently the CEO of St George Bank. He has extensive experience as Chairman of several high profile Boards. He is a former President of Business SA. He is not an educator.
- Ms Joanne Denley. Ms Denley is currently the Director of Human Resources and Risk Management at Bridgestone Australia a huge multinational corporation which she describes as a “great global company”. She has a Master degree in Business Administration. She is not an educator.
- Ms Miriam Silva. Ms Silva recently was General Manager of Commercial Operations at Elders and is currently a member of the Training and Skills Commission. She has an Honours degree in Maths and is a high profile Muslim. As

both a woman and a Muslim she has to be acknowledged for succeeding in a traditionally male and very conservative sector of South Australian business. But she is not an educator.

- Ms Noelene Buddle. Ms Buddle is a private consultant and sits on a number of Boards including WorkCover Corporation and the South Australian Museum. She has a BA in Accountancy and a Master in Business Administration. She is a former general manager of Austereo. She is not an educator.
- Mr John Branson. Mr Branson is currently the Chairman of Directors at Stuart Petroleum and is a Director of AED Oil. He is not an educator.
- Mr Adrian Gerard Marron. Mr Marron is currently Chief Executive Officer of the Canberra Institute of Technology and has over 15 years' experience in the Tertiary Education sector. He has experience as an educational administrator.
- Ms Annette Hurley. Ms Hurley was most recently a Labor Senator for South Australia and former Chair of the Senate Economics Committee. She is not an educator.

As a reflection of the contradiction between TAFE SA as a provider of courses that reflect the interests and needs of a very diverse Australian population, on the one hand, and as a provider to employers of a workforce that meets their productivity requirements on the other, the composition of the Board clearly indicates that its commercial role will have priority over its social role.

Those two sets of interests are not mutually exclusive: they overlap in some areas but they pull in different directions in others, particularly when the bottom line is the dollar required to fund TAFE SA.

It is our view that Peter Vaughan should be replaced as the Chair of the TAFE Board and that there should be a balance between corporate and social representation among its members. That social representation might include the SA Council of Social Services, SA Unions, the SA Farmers Federation, or rural local government, to name a few of the community groups with a genuine interest in how TAFE SA operates and who it serves.

Funding decline

South Australia has been acknowledged by the federal government as having got right the creation of a contestable market for vocational education. South Australia is regarded as having done a better job than Victoria. That is, South Australia has been identified as providing adequate funding to ensure the ongoing viability and sustainability of the TAFE system while meeting federal obligations, under National Partnership agreements, for providing a competitive marketplace including private RTOs.

South Australia signed up with the Commonwealth to receive federal National Partnerships funding which has been denied to Victoria, NSW and Queensland as a result of the massive cuts by their governments to their TAFE systems.

However, between 1997-2008, government real recurrent expenditure on TAFE was reduced by 23.3%, and by 16.4% between 2003-2008. Nationally funding to TAFE declined by 22.3% between 1997-2008, and by 11.9% between 2003-2008.

Further cuts were announced in the South Australian 2012-13 Mid-Year Budget Review last December:

Employment and grant programs

Budget implications (\$000)

2012–13 2013–14 2014–15 2015–16
MYBR Estimate Estimate Estimate

Operating expenses — 10 000 15 000 15 375

This measure provides savings of \$10.0 million in 2013–14, increasing to \$15.0 million per annum (indexed) from 2014–15, by reviewing employment and grant programs to better align with Commonwealth Government programs.

Information economy programs

Budget implications (\$000)

2012–13 2013–14 2014–15 2015–16
MYBR Estimate Estimate Estimate

Operating expenses — — — 2 522

This measure provides savings of \$2.5 million per annum (indexed) from 2015–16 by rationalising information economy programs.

International and higher education programs

Budget implications (\$000)

2012–13 2013–14 2014–15 2015–16
MYBR Estimate Estimate Estimate

Operating expenses — — — 3 000

This measure provides savings of \$3.0 million per annum (indexed) from 2015–16 by restructuring international and higher education programs.

Training efficiencies

Budget implications (\$000)

2012–13 2013–14 2014–15 2015–16
MYBR Estimate Estimate Estimate

Operating expenses — — 9 640 21 870

This measure provides savings of \$9.6 million in 2014–15, increasing to \$21.9 million per annum (indexed) from 2015–16, from training efficiencies including a reduction in the differential price to TAFE SA, a review of subsidy levels and ensuring funding is targeted at areas of industry demand.²

The series of funding cuts imposed on TAFE has a snowball effect. On February 27, 2013, TAFE SA announced a major restructure under which its three institutes would

² http://servicesa.cdn.on.net/documents/mid-year_budget_review_2012.pdf

become one. This was justified as a response to a number of “challenges on the horizon”.

“Whilst TAFE SA currently has the largest market share and our student numbers have grown, private RTOs are growing faster. Funding for training is being reduced overall and the additional subsidies TAFE SA receives to deliver the same training as private RTOs are diminishing. We are also returning deficits - \$8.5m in 2012/13.”³

The new single TAFE SA will have an office of the Chief Executive under which there will be four divisions. Teaching faculties will become seven “business units”. As a direct result of the restructure, around 150 staff positions will be axed by June 30, 2014. This represents 6% of the workforce and is in addition to 130 jobs lost (and HPI hours reduced) since the introduction of Skills for All funding on July 1 2011.

There will no longer be “duplication and competition across the organisation” meaning that delivery of the same qualifications at “nearby” campuses will be changed. This will hit hardest those students from low SES backgrounds and those in precarious employment or without income apart from the Newstart Allowance who may face additional cost in travelling to the particular campus which is approved to deliver a needed course. A government commitment to equity through education cannot be sustained where course provision is restricted as a result of the need for TAFE to cut costs in order to compete in the marketplace.

Service obligation to unemployed or precariously employed youth

Competition and competitive tendering exclude factors such as equity and service obligations to target communities from the VET agenda.

South Australia has high levels of youth unemployment, particularly in the metropolitan northern and southern suburbs and in the northern and western rural areas:

Regional unemployment⁴ (Year to) February 2013*

Statistical region	Total	Youth unemployment
Northern Adelaide:	8.1%	44.6%
Western Adelaide:	4.6%	13.9%
Eastern Adelaide:	4.2%	18.6%
Southern Adelaide:	5.1%	29.3%
TOTAL ADELAIDE:	5.7%	31.3%
TOTAL BALANCE OF SA:	5.3%	18.5%

³ *Stronger as one. Information for staff.* TAFE SA 27 February 2013.

⁴ <http://www.skills.sa.gov.au/workforce-information/labour-market>

Northern and Western SA:	5.4%	29.4%
Southern and Eastern SA:	5.2%	13.5%
TOTAL SOUTH AUSTRALIA:	5.6%	26.8%

*The total unemployment rate applies to people 15 years and over, and the youth (full-time) unemployment rate refers to young people 15-19 years of age.

It also has higher youth unemployment than the national average:

Unemployed and seeking full-time work: 11,500 (full-time unemployment to population ratio 5.1%. National ratio is 4.9%)

Unemployment rate: 15.7% full-time unemployment rate.
Compared with 13.7% nationally.⁵

These youths will not only be disadvantaged by changes to the location of courses under the new “Stronger as one” initiative. They will also be affected by course cappings on enrolment numbers.⁶ A March 2013 list of capped courses includes Certificate 1 in Furnishing, Certificate 2 in Upholstery, Certificate 2 in Millinery, Certificate 2 in Floristry (Assistant), Certificate 2 in Tourism and Certificate 2 in Warehousing Operations.

Under the capping arrangement, 30 days’ notice is given to stop enrolments. This means that subsidies and funding for new enrolments are withdrawn or reduced by between 30-50%. New enrolments must be on a fee-for-service basis at a high cost to the student.

There are several issues of concern with the short notice for course capping. Many courses are resourced and staffed for a yearly program. Capping can cause significant disruption to planned course delivery. Courses are usually capped or closed because of perceived lack of industry demand for skill requirements or perceived lack of work and job opportunities. No thought is given to the educational and social advantages of re-engaging with students with long-term withdrawal from the education and training sector. These are students who need to re-engage in order to be provided with pathways to becoming useful and productive citizens within the community.

Precariously employed youths, that is, those in part time and casual employment which prevents them from being registered as unemployed with Centrelink are restricted in the number of subsidised courses for which they can enrol, depending on existing TAFE qualifications. They face the same problems as those of registered unemployed youths as outlined above but have the additional barrier to study at a time when the economy is calling for flexibility in career options and hence updating and acquisition of skills.

⁵ <http://www.skills.sa.gov.au/workforce-information/labour-market>

⁶ Persons registered as unemployed with Centrelink are entitled to enrol in an unlimited number of subsidised and priority courses, depending on their existing TAFE qualifications. Courses which are capped could effectively be denied to those who have this entitlement.

Growth of private RTOs

As noted in TAFE SA's "Stronger as one" document, TAFE numbers are growing, largely due to the provision of subsidised or free Certificate courses and a handful of Diploma and Advanced Diploma courses. However, "private RTOs are growing faster". There are now over 200 RTOs approved as Skills for All providers, of whom 76 are from interstate.⁷ The number of training providers is most concentrated in the six following areas:

- Business Services (110 providers)
- Retail Service (54 providers)
- Community Services (52 providers)
- Training and Education (42 providers)
- Tourism, Hospitality and Events (31 providers)
- Transport and Logistics (29 providers)

These courses are generally low cost delivery courses, leaving TAFE to carry the heavier burden of courses requiring expensive facilities and equipment. Traditionally these courses have helped subsidise the more expensive courses within TAFE. This is now under threat.

Included among the interstate RTOs are some interstate TAFE Institutes, particularly Victorian, which are paid substantially more in this state than they are in their home state.

Whereas TAFE SA saw an enrolment increase of 17% from Semester 2 2011 to Semester 2 2012, private RTOs saw an enrolment increase of 50% over the same period. Whilst TAFE SA's student enrolments in publicly funded courses have grown, TAFE SA's share of the publicly funded market has declined from 74% in Semester 2, 2011 to 69% in Semester 2, 2012.

The enrolment increase of 17% for TAFE SA does not necessarily translate into a funding increase because the funding is for completed course outcomes based on formal assessment and registered as either a pass or fail. While much effort and cost can go into the delivery of a course, a student who withdraws late in the course or who simply decides to waive the assessment requirement is not resulted and therefore not funded.

Market sees little value in the Arts

Arts programs offered through TAFE SA are under threat. Their cost of delivery is seen as too high, so they are not wanted in the business model of the new TAFE SA.

The Adelaide College of the Arts (ACArts) is one of the nation's pre-eminent centres for Arts training. Under the "Stronger as one" model, with profitability as a key driver, it would seem that there is little chance that the vision seen by the Chair of the College's Arts Advisory Board, Robyn Archer AO, for an arts training centre of excellence.

⁷ Skills for All: Summary Report, Dec 2012, p. 4

Archer notes that SA has long branded itself as the Festival State, and that Adelaide has only recently been rebranded as the Creative City. She says of ACArts that it is an “an institution which screams potential for arts training”.

“But ACARts,” she said in her March 18, 2013 Hawke Centre address, “has been working under the nationally familiar cloud of ‘you cost too much’ its future has continued to remain uncertain because of various shifts and changes in TAFE SA.

“Just a week or so before the Creative City branding, the new TAFE Board, chaired by Mr Peter Vaughan, announced the new shape of ONE TAFE as it will be in the future. I had a very good meeting with Peter and we agreed, that under this new system, the ‘centre of excellence’ at the Adelaide College of the Arts, which had been promised by TAFE for years, and which promise was the continuing motivation for the Arts Advisory Board and Christie Anthony in that post-review period, *will not be possible within this restructure.*”⁸

Regions will lose out

Course delivery costs are based on metropolitan delivery. There is a very real fear in rural areas that the cost of course delivery in rural and remote regions will lead to reductions in courses and even closure of some rural TAFE shop fronts. Kingston in the South East and Cleve and Wudinna on the West Coast are in the firing line.⁹ It is reported that regional TAFE can expect a 25% reduction in funding over the next 4 years.¹⁰

Capping of courses based on large metropolitan numbers is having a direct effect on regional campuses. At the same time, private RTOs are targeting low cost delivery high enrolment courses such as Business Management and Information Technology.

The following table¹¹ shows the percentage increase or decrease in regional enrolments from Semester 2 2011 to Semester 2 2012. It shows the total, the figures for TAFE SA and private RTOs and the movements in TAFE SA market share.

Region	Total est. increase	TAFE increase/decrease	Private RTOs increase/decrease	TAFE SA market share
Adelaide Hills	72%	63%	140%	-4%
Barossa, Light and Lower North	31%	27%	217%	-3%
Eyre and Western	14%	16%	-2%	2%
Far North	9%	4%	79%	-4%

⁸ http://w3.unisa.edu.au/hawkecentre/events/2013events/RobynArcher_transcript_18March.pdf

⁹ Feedback from AEU TAFE SA members.

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¹¹ Compiled from *Skills for All: Regional Analysis*, 11 December 2012

Fleurieu and Kangaroo Island	9%	-20%	344%	-4%
Limestone Coast	47%	36%	225%	-8%
Murray and Mallee	49%	34%	125%	-9%
Yorke and Mid North	57%	39%	166%	-10%

If these figures are indicative of what might become an annual pattern of competition between TAFE SA and its competitors, then the future sustainability of regional TAFE SA operations must be called into question.

Student fees and associated costs

Although Certificate 2 courses experience high initial enrolments, and are free, there is a high drop-out rate. As courses are funded on completions, this results in cost shifting to students for incidental expenditure, for example, safety gear.

There have also been some increased course fees, for example, for Higher Diploma and Associate Diploma courses, up from a previously capped \$2250 to a maximum of \$7000.

With the “Stronger as one” restructure, and the allocation of resources to central positions in order to cut “duplication”, it can be expected that there will be increased travel costs for students. This is also likely to affect regional apprentices who may well have the additional cost of metropolitan accommodation.

The closure of the O’Halloran Hill, Marlestone, Panorama and Croydon campuses is likely to lead to a reduction of staff numbers and a corresponding increase in class sizes, as well as pressure to utilise on-line training in place of face-to-face contact.

Compliance versus quality

As a result of having to compete as a business entity in a market environment, TAFE SA is experiencing a change from a focus on ensuring that all learners grow and develop to their maximum potential, that all learners have the confidence and the ability to continue to learn throughout their lives, and that all learners have the assurance and the skills to be productive members of society, to a focus on compliance with a narrow set of competencies which are ticked off to achieve payment for course completion from the government.

TAFE SA has been placed in the invidious position of narrowly defining course completion objectives in a way that reduces course costs and maximises the chances of payment for course completion. Our members in TAFE SA have complained of pressures from senior managers to produce higher compliance with

course completion criteria at the expense of quality of learning and the development of the learner.

The compliance regime arises directly from the need for TAFE SA to achieve market viability. The drive to sacrifice quality for tick-the box compliance is further reinforced, ironically, by the body whose task it is to regulate courses and training providers to ensure nationally approved quality standards are met, namely, the Australian Skills Quality Authority (ASQA). ASQA traces compliance via a paper trail but does not have a handle on the quality of learning and instruction as they apply in individual courses.

Conclusion

The South Australian government has failed in its responsibility to the parliament of South Australia by undermining TAFE through the introduction of full contestability for VET funding, and by the government's Skills for All agenda.

It has added insult to injury by appointing Peter Vaughan, a strident critic of TAFE, to Chair a Board that excludes social representation and minimises educational input.

Competitive tendering against a plethora of private RTOs has weakened TAFE SA and undermined its educational role by substituting money for clear educational goals as the major driver in TAFE and VET.

TAFE SA is no longer a servant of the community, with a commitment to providing a wide variety of vocational, basic and further education options to meet the need within our diverse population for courses that meet social, as well as industry, needs. TAFE SA must now operate as a business under the direct control of the business community which, since the 2007-08 Global Financial Crisis, has renewed its demands that the cost of providing public services through taxation be reduced, and that those services be supported only where they serve to meet the productivity requirements of the big end of town.

The community is the poorer for these changes.

Appendix 1

Timeline for Skills for All

2007/2008

Federal & State Government – set about to reform the National VET agenda through COAG and the Ministerial Council dealing with vocational education and training.

- Ensure that VET is better able to meet the needs/skills of individuals and Businesses.
- Ensure Australia has skill base to drive growth in participation and production
- Ensure workforce has ability to be innovative, deliver high quality and high value products and services to drive the economy.

March 2008

SA Government –released “Skills Strategy for South Australia’s future”

Reforms directed in increasing employment and Vet participation, labour productivity, post school qualifications and skills level and improving the efficiency, responsiveness and flexibility of the public funded VET system.

Targets outlined:

- Contestable funding to increase from 25% 2007/2008 to 48% by 2012
- Workplace delivery to be 25% of all training by 2012.
- Uptake of e-learning in tafe to double by 2012.
- RPL to comprise 20% of learning achievement by 2012.
- Cost of publicly funded training to be lowered by 10% by 2012.
- Tafe to respond in terms of training to a target increased employment participation of 78% by 2014/15 from 73.8% 2008
- Tafe to win funding for commonwealth & State funded programs such as Youth Compact & PPP(Productivity Places Program) which are fully contestable.

In June 2008

(Economic Development Board commissioned report released)

Review of Skills & Workforce development in South Australia: The Challenge for the Next Decade –this review highlighted concerns that skill shortages may be critical to SA favourable growth prospects.

November 2009

Training and Skills Commission released Skills for Jobs (5 year plan)

This paper highlighted the need for further reform to ensure

- Raising the skill level of South Australians
- Increase the number of South Australians with qualifications

- Increase employment participation

2009

Economic Development Board – Economic statement South Australia’s Growth Prospect

To achieve identified growth need to improve workforce performance through participation in learning, skill development and in work.

May 2010 (Skills Australia) “Australian Workforce Futures: A National Workforce Development Strategy-addressing a number of challenges

- Lifting participation & productivity to address the risk of labour shortage with aging population
- Adaption of new technology & rapid change to increasing global competition

May 2010

Productivity Commissions report on the Vet workforce

Report portrays the public vet system as in crisis.

TAFE system in Australia today is underinvestment. Government recurrent expenditure per hour of training, the Orwellian measure of efficiency used by governments in VET, has declined by 11.9% between 2003 and 2008, and by about 22.3% since 1997. No other education sector has sustained such long term of underinvestment as TAFE.

2010/2011 Commonwealth Budget

Mainstay of the Federal Government 2011 VET budget are based on the following key points

- A responsive system with range of qualifications to meet the skill needs of a growing economy & provide pathways into work and learning
- A quality system
- An accessible system for all
- Diverse system encompassing high quality **public & private**
- **Providers**

A movement to a more privatised Vet system

July 2010 SA Government – release “Skills for All” green paper

Skills for All aims to

- Increase number of people in employment
- Engage more people in training
- Increase the number of people with post school qualifications

Skills for All demand driven system with advent of student entitlements, ultimately, TAFE is likely to suffer as students go for the cheaper, quicker training options with funding being available to both the public and private providers.

Quality of delivery will continue to be an issue with lack of resource investment to ensure good learning outcomes.

Submissions (400) many indicated the need for change of governance.

February 2011

Tafe Governance Position Paper –Consultation process for tafe staff and external stakeholders outlining the Statutory Authority proposal

From the above 2 reports the drafting of a New TAFESA bill 2012 – aimed at that tafe can better perform in a more competitive market as well as maintaining tafe as a public institute.

July 2011

Establishment of the Office of TafeSA

This first step simply as one of separating TAFE from the purchasing arm of government

Assist TafeSA to become independent and accountable under new governance arrangements.

July 2012

From 1st July proposed TAFESA will become a Statutory Authority for this to happen the TAFE Bill 2012 needs to pass parliament to address tafesa governance and establish tafesa as a statutory authority under the provisions of the Public corporations act 1993.

Skills for All funding model adopted with competitive market for both public and private providers. (Differential payment system at present for tafe SA)

Currently

October 2012.

Minister releases tafe SA board

Peter Vaughan (Chair) ,Rob Chapman, Joanne Denley, Miriam Silva, Noelene Buddle, John Branson, Adrian Marron & Annette Hurley

The board will recommend the CEO for the office of tafe to the minister for appointment

The TAFE SA Act 2012 will soon be proclaimed and the TAFE Act 1975 will be repealed.

November 2012.

Tafe SA to become a Statutory Authority

From 1 November 2012 under new legislation, the *TAFE SA Act 2012*, TAFE SA will be a single Statutory Corporation, with one governing Board of Directors.

The establishment of TAFE SA as a single Statutory Corporation will separate the roles of TAFE SA as the provider of training from that of DFEEST as the funder and purchaser of training from both TAFE SA and private training providers. TAFE SA will remain under public ownership.