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## **Greens NSW Submission to the Inquiry into the role of the Technical and Further Education (TAFE) system and its operation**

### **House of Representatives Standing Committee on Education and Employment**

The Greens NSW welcome the opportunity to contribute to this important inquiry into the role of the Technical and Further Education (TAFE) system and its operation. This is the first parliamentary inquiry of its kind in decades and it comes at a time when TAFE is under sustained attack from both state and federal governments.

The Greens NSW reject the current policies of the state and federal governments to open TAFE up to increasing competition with private providers, to reduce the range of courses on offer and to increase course fees all the while cutting TAFE budgets and reducing entitlements. TAFE teachers are under increasing pressure from workloads, class sizes, casualisation of their profession and the active effort to de-unionise their workforce. This is an untenable situation and steps must be taken now to stop and reverse the damage inflicted by the attempts to force neo-liberal, market driven principles onto a public institution.

The Greens NSW believe that TAFE should not be judged on financial efficiency but rather on the benefit it delivers to the state. A strong public TAFE system helps build a cohesive, fair and successful society. To do this:

- ◆ TAFE funding should be restored to 2007 per student levels or higher
- ◆ Financial subsidies for courses should be reinstated
- ◆ The entitlement based funding model should be rejected
- ◆ TAFE teachers and support staff must be supported and invested in through quality remuneration
- ◆ No public funding should go to private courses or training that could be provided by TAFE

### **The unique role of TAFE**

A publicly funded TAFE system as the dominant provider of vocational and further education and training is integral to the economic, social and cultural wellbeing of the nation. TAFE plays a unique and crucial role in the education system. It provides high quality skills growth, professional development and community learning. It offers second chance education and alternative learning pathways and provides opportunities for the more disadvantaged to gain skills and participate in the cultural, economic, social and political life of their community.

As an education institute, TAFE is unique in its ability to create economic wealth, social cohesion and social justice. It facilitates socio-economic mobility and provides educational outcomes for people with special needs and diverse learning styles. It undermines the division between wealth and poverty and creates a more inclusive, tolerant and functional society.

TAFE alone combines education with skills training, ensuring that Australia has a workforce that is not only competent at its day-to-day tasks but aware of the cultural, social, technical and economic context in which it operates.

Such understandings are critical to the capacity of Australia to innovate and to address the economic and political challenges of a century that will be dominated by climate change.

The task of reducing greenhouse gas emissions while maintaining a high standard of living, especially for the most vulnerable, can only be achieved with a workforce that is educated and consequently capable of adapting to new tasks and innovating.

Further, the legacy of a century and half of large scale fossil fuel burning has already begun to alter the climate in ways that are increasingly hostile to human habitation. Even with dramatic global reductions in emissions, it is likely that the changes will accelerate. Adapting to these circumstances will require sophisticated decisions made across all sectors of society. Maintaining a quality liberal democracy requires that all citizens are capable of understanding the choices and participating in the process.

This can only be achieved with the quality of education delivered by TAFE.

### **The fallacy of the equivalence of private provision**

Current federal and NSW state government skills policies focus on creating a competitive environment, in which TAFE and private providers are thrust into a market driven by student choice.

The underlying assumption is that private providers can and will deliver equivalent or better individual and societal outcomes when compared to TAFE.

This assumption is comprehensively wrong.

While private providers can operate at lower internal costs per qualification granted, in general they do so by:

- ◆ Reducing the pay, qualifications and working conditions of teachers and other educators. A low paid, poorly educated and demoralised skills training workforce is unlikely to deliver the societal benefits that TAFE has traditionally provided.
- ◆ Enrolling a lower proportion of (or no) students with special needs, diverse learning styles or other higher support requirements. A privatised skills sector will create greater barriers to aspiring learners who pose greater financial costs. These students will be denied the opportunity to participate socially, culturally and economically, unless they continue to have access to TAFE.
- ◆ Providing only narrow skills training to the exclusion of education. To cut costs and maximise profits and maintain market position, many private providers focus on minimising contact time by narrowing the curriculum to address only the minimum skills required and often only those that are relevant to a particular employer. The consequences of a training sector dominated by private providers would be a less innovative and less adaptable workforce.
- ◆ Offering only low-cost courses, leaving the public provider to pick up the more expensive and longer duration courses.
- ◆ Cutting corners on quality, with long term implications for the individual student and for the economic health of the community.
- ◆ Providing offerings that are attractive to students. This often takes the form of lower duration courses and shorter contact times, with consequent lower quality training.

Private provision does not offer a substitute for TAFE that maintains the benefits for the student or the community.

## **The fallacy of the benefits of the competitive market**

The competitive market not only transfers student numbers from TAFE to lower benefit private training, but it also exerts downward pressure on the quality of all providers, public and private.

TAFE, when placed into competition with lower cost, lower quality private providers, is forced to either sacrifice numbers and, under emerging arrangements, funding, or lower costs to compete. It thus begins to adopt the characteristics of a private provider as mentioned above, foregoing the benefits of public provision.

Competition itself drives all participants to cut costs in order to succeed.

After two decades of so-called 'efficiency gains' in TAFE there are no labour savings to be gained. Any further reductions in unit cost can only be derived from:

- ◆ undermining pay, qualifications and conditions for teachers,
- ◆ increasingly casualising the workforce, with a consequence loss of corporate knowledge, continuity and time for individual student assistance,
- ◆ increasing class sizes and reducing the number of contact hours, and
- ◆ inappropriate use of alternative modes of learning. While for some students, online learning works well, others lack the basic study skills or have learning styles that mitigate against individualised work.

Student-driven competitive markets, such as the entitlement system being introduced in NSW under the Smart and Skilled policy, create additional pressures to shorten courses and reduce contact hours. As many students will seek a faster completion to their study with the least amount of effort, providers will be forced to complete the minimum standards in the least amount of contact time in order to maintain and build market share.

### **Case study: NSW's Smart and Skilled**

In September 2011 the NSW Government released the discussion paper *Smart and Skilled: making NSW number one* which canvasses:

- ◆ Greater contestability of public funding, forcing TAFE into competition with lower quality private providers;
- ◆ A 'broad-based entitlement' for funding student places, which is in effect a voucher system. Instead of providing money directly to TAFE, students would take with them their funding to any provider of their choice, public or private. The success of each institution would depend on being attractive to students, not on the quality of education;
- ◆ 'Government may need to consider what contributions individuals and employers should make to the cost of training' suggesting yet higher fees and charges for TAFE. Total retained revenue (i.e. fees and charges) has grown by 46 per cent ahead of inflation from 2004/05 to 2010/11. Revenue collected from TAFE fees and charges was omitted from this year's budget; and
- ◆ 'Improved access' to HECS-like loans which are currently only available for full fee paying courses. Numerous studies have shown that income-contingent loans discourage young people from disadvantaged backgrounds from entering further study.

The government also moved TAFE into the federal industrial relations system which has weakened the bargaining power of staff.

*Smart and Skilled* is the NSW implementation of the National Partnership Agreement on Skills Reform as was agreed to by COAG at its meeting on 13 April 2012.

Details of Smart and Skilled are slowly emerging and include:

- ◆ a student entitlement up to certificate 3 courses, in which funding will follow a student to their choice of a TAFE college or a private provider,
- ◆ fixed fees across both public and private providers, set by the independent state regulator IPART,
- ◆ each individual is to have a single entitlement, after which they will be required to pay full cost recovery fees for any subsequent course,
- ◆ "targeted support" for higher level qualifications, the details of which are still obscure, and
- ◆ the development of a "skills list", based on labour market research that will determine which courses are in sufficient demand to be subsidised under Smart and Skilled.

Implementation is currently scheduled to begin in July 2014.

Smart and Skilled will inevitably undermine the capacity of TAFE to deliver quality educational and training outcomes. It will deny TAFE its market share and is, in the long run, a blueprint for the privatisation of the skills training sector.

### **The fallacies of funding cuts – the NSW experience over the past decade and a half**

Over the past 16 years and prior to the election of the O'Farrell government, TAFE NSW has experienced real-cost funding cuts of over \$960 million from the state government and \$120 million from the Commonwealth and course fees have increased by at least 15% on average.

Comparisons between 1997 and 2010 funding of training in NSW have been developed using data from the National Centre for Vocational Education Research (NCVER), a not-for-profit company run by the federal, state and territory ministers responsible for training.

Table 1 reflects the change in the amount of money that would have been spent on training in 2010 in NSW if funding had kept up with the number of student hours taught and inflation.

**Table 1: Sources of training funding in NSW<sup>1</sup>**  
Corrected for inflation and increase in the number of student hours.  
*More detailed figures are available in Appendix 1.*

	<b>1997</b> (\$m 1997)	<b>2010</b> (\$m 2010)	<b>97 to 10</b> (\$m 2010)	<b>97 to 10</b> (%)
NSW	928.6	1,040.2	-961.9	-48.0%
Commonwealth	336.6	605.0	-120.8	-16.6%
Fees, charges etc.	191.7	475.3	62.0	15.0%
<b>Total</b>	<b>1,456.9</b>	<b>2,120.5</b>	<b>-1,020.7</b>	<b>-32.5%</b>

To create accurate comparisons, the 1997 figures have been adjusted by:

- ◆ inflation (1997 dollars have been adjusted down by 42.3% to 2010 dollars to account for inflation<sup>2</sup>), and
- ◆ the growth in student hours delivered<sup>3</sup> (there were 51.5% more training hours in 2010 paid for by the NSW government than there were in 1997).

<sup>1</sup> Data for 2010 and 2007 from <http://www.ncver.edu.au/publications/2426.html> Table 1 of 2010 report and Note 9 of NSW – explanatory notes to table 6 and 7. Data for 1997 from equivalent publications.

<sup>2</sup> Using ABS's Sydney All Groups CPI series A2325806K

<sup>3</sup> <http://www.ncver.edu.au/publications/2395.html> Tab 7: Table 7 Delivery hours by sex and state and territory, 1996–2010

If funding had kept pace with inflation and the growth in student hours:

- ◆ The NSW government would have spent \$962 million more in 2010 than it did in 1997. This represents a 48 per cent cut over the 13 years.
- ◆ The Commonwealth government would have spent \$120.8 million more. This represents a 16.6 per cent cut.
- ◆ Students have contributed \$62 million more. This represents an increase of 15 per cent.

	1997	2007	2010
Commonwealth	20.1%	20.5%	25.3%
NSW	65.6%	57.7%	51.0%
Fees, charges	14.3%	21.8%	23.7%
<i>Total</i>	100.0%	100.0%	100.0%

**Table 2:** Relative contributions to training funding in NSW  
(Data sources: as for Table 1)

In 1997 students shouldered 14.3 per cent of the cost of training. By 2010, their contribution had risen to 23.7 per cent.

Over this period, both state and federal governments have increased their subsidies to private providers and the share of both student's hours and training money going to TAFE has diminished.

While exact data is not available, the percentage cuts to TAFE would have been far greater than the numbers reported here.

Added to this, when the Coalition won office in 2011 the O'Farrell government quickly announced a range of additional cuts. These included the public sector-wide pay rise cap of 2.5% and another TAFE budget cut of 3.1% or \$56 million, a 9.5% increase in course costs and an end to subsidies of courses that were determined to have little or no employment opportunities.

In 2012, as part of its trimming of \$1.7 billion from the forward education estimates, the O'Farrell government announced the loss of 800 TAFE positions, some of whom are teachers.

Teachers across the state have received letters requiring them to reapply for their own jobs, forcing them to compete against their colleagues for the reduced number of positions. Morale is at an all time low.

Further, many students who are mid-way through their training have found that the government subsidies that supported their courses had been withdrawn. In a taste of things to come, Fine Arts has been deemed to not be a qualification in high demand and students will have to pay full cost recovery fees, which in some cases is as high as \$12,000 a year.

A NSW government-appointed taskforce recently urged the O'Farrell government to reverse its funding cuts to TAFE Fine Arts courses<sup>4</sup>. This occurred in the same week that fine art teachers were being removed from their classes. The taskforce was commissioned *"to develop comprehensive strategies to drive growth, innovation and productivity in the NSW creative industries sector"*. Members were drawn from leaders in the creative arts industries, including advertising, design, film, publishing, fashion, performing arts and architecture. The aim was to develop *"a draft 10-year Industry Action Plan to deliver economic growth and support a sustainable and vibrant sector"*.

<sup>4</sup> Creative Industries Industry Taskforce, March 2013, *NSW Creative Industries*:  
[http://www.business.nsw.gov.au/\\_data/assets/pdf\\_file/0015/27213/creative\\_ind\\_action\\_plan\\_draft\\_20120318.pdf](http://www.business.nsw.gov.au/_data/assets/pdf_file/0015/27213/creative_ind_action_plan_draft_20120318.pdf)

The taskforce's draft Creative Industries Action Plan recommended that:

*"45. NSW Government [...] recognise the importance of the need for a range of alternative, affordable and practical avenues to education and training that underpin NSW creative industries, including by reinstating NSW Government funding to those TAFE fine arts courses that experienced cuts to subsidised funding from 1 January 2013." (emphasis added)*

Across NSW Fine Arts teachers are being removed from classes and pushed into the redundancies and priority assessments process.

NSW creative industries employ 4.7 per cent of the total workforce and maintain a rate of growth that is almost double that of the rest of the economy. The O'Farrell government is locking in a skills shortage and a restricted future in an industry that generates over \$1.5 billion of exports from NSW.

With the end of public subsidies, enrolments are plummeting as students are exposed to fees that cover the full costs of their courses. The NSW government effectively began its process of abandoning fine arts in the same week that the taskforce recognised the importance of the courses to the future of their industry.

The creative industries are only one sector of the economy that will suffer from a skills shortage if the \$800 million cuts to TAFE are not reversed.

The same arguments apply to information technology, languages teaching, metal fabrication and every other discipline that is currently suffering under the O'Farrell government's budget knife.

Part of its proposed enterprise agreement TAFE NSW is also attempting to introduce new, less qualified and lower paid teaching positions to undercut current highly qualified and experienced teaching staff. This will deny TAFE students the right to be taught by professionals with detailed subject knowledge that goes beyond just delivering a pre-designed package. This is the next step in the race to the bottom in salaries and expertise in skills training, with appalling consequences for students, teachers and the future of the state's economy.

In 2008 the then NSW Labor government downgraded the qualifications required of TAFE teachers from a university graduate diploma to a Certificate 4. The Coalition government is now pushing to have instructors deliver courses, knowing only a little more than the students.

Implementing these changes and forcing through redundancies will severely compromise student learning and gut the quality and viability public vocational education for decades to come. TAFE teachers cannot be expected to maintain the quality of education and training with larger classes, few hours of contact, less time to see students out of hours and almost no administrative and educational support.

These changes are occurring despite publicly available research conducted by the independent consultant Allen Consulting that demonstrated for every \$1 invested into TAFE, the economy benefited \$6.40<sup>5</sup>.

### **A future without TAFE?**

For the first time in over a century, NSW is facing the prospect of a future without a TAFE system.

Public provision of vocational education is challenged by declining funding, a hostile market, predatory private providers, declining staff morale and government policies that can only be interpreted as profoundly hostile.

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<sup>5</sup> Allen Consulting Group, 2006, *The complete package: the value of TAFE NSW*, <http://hdl.voced.edu.au/10707/137111>

The Victorian experience is being watched closely in NSW. Many TAFE teachers are aware that the current head of the NSW Department of Premier and Cabinet is a long time advocate of market reforms in the vocational education and training sector, having instituted some of the most dramatic and damaging alterations when he worked in the Victorian public service.

NSW has been set on a course that will inevitably follow the collapse in market share that TAFE has experienced in Victoria.

Extrapolation of current trends would see the public provider confined to the margins of the skills sector, catering only for those students and courses that the private sector deemed to be unprofitable.

This appalling fate is the direct result of the actions of both this state government and its predecessors and the current federal government and its predecessors.

Avoiding a catastrophe requires a rapid turn-around in policy settings and funding.

Waiting until TAFE has been decimated will be too late. The loss of a century of accumulated expertise and corporate knowledge is irreversible.

### **A new vision for TAFE**

TAFE is vital to the future economic and social wellbeing of the state and offers opportunities to many who would not otherwise have the chance.

The state and federal governments must stop and reverse their destructive agendas against TAFE.

This requires:

- ◆ TAFE funding must be restored to pre-2007 per student contact hour levels, in real terms.
- ◆ TAFE teaching recognised as a professional activity, requiring appropriate university-level professional qualification and time and resources for on-going professional development,
- ◆ Remuneration and conditions should reflect the difficulty and significance of the work of TAFE teachers,
- ◆ Removal of TAFE fees and charges,
- ◆ Ending the growth in funding of private providers. Private providers should not receive public funding for courses that TAFE is able to offer,
- ◆ Abandoning the market agenda, entitlements and other mechanisms that throw TAFE into competition with private providers and restoring funding to TAFE as the dominant public provider, and
- ◆ Ending the casualisation of the TAFE workforce and providing career development opportunities for all casual teachers.

Due recognition must be given to the benefit of a diversely skilled community; this should be reflected in the reinstatement of financial subsidies for all Fine Arts courses.

The Greens NSW feel strongly that the current actions by the state and federal governments are undermining the role TAFE plays in the Australian community and is pushing the public provider to the brink of collapse.

A strong and healthy TAFE system is key to a strong and healthy economy and community. TAFE offers important life changing opportunities that could not be match by a market driven, competition based VET system.

**Appendix 1: Vocational Education and Training funding 1997, 2007 and 2010**

Adjusted for inflation and for the number of student hours delivered.

	<b>1997</b>	<b>2007</b>	<b>2010</b>	<b>97 to 07</b>	<b>97 to 07</b>	<b>97 to 10</b>	<b>97 to 10</b>
	(\$m 1997)	(\$m 2007)	(\$m 2010)	(\$m 2007)	(%)	(\$m 2010)	(%)
<b>Operating</b>							
Commonwealth	269.1	354.5	506.4	-101.6	-22.3%	-73.8	-12.7%
NSW	879.1	998.3	1,023.2	-491.8	-33.0%	-872.2	-46.0%
Fees etc.	191.7	376.6	475.3	51.7	15.9%	62.0	15.0%
<b>Total</b>	<b>1,339.9</b>	<b>1,729.4</b>	<b>2,004.9</b>	<b>-541.7</b>	<b>-23.9%</b>	<b>-884.0</b>	<b>-30.6%</b>
<b>Capital</b>							
Commonwealth	67.5	60.8	98.6	-53.6	-46.9%	-47.0	-32.3%
NSW	49.5	21.9	17.0	-62.0	-73.9%	-89.7	-84.1%
<b>Total</b>	<b>117.0</b>	<b>82.7</b>	<b>115.6</b>	<b>-115.6</b>	<b>-58.3%</b>	<b>-136.7</b>	<b>-54.2%</b>
<b>Ops + Capital</b>							
Commonwealth	336.6	415.3	605.0	-155.2	-27.2%	-120.8	-16.6%
NSW	928.6	1,020.2	1,040.2	-553.8	-35.2%	-961.9	-48.0%
Comm+ NSW	1,265.2	459.3	590.9	-709.0	-33.1%	-1,082.7	-39.7%
<b>Total</b>	<b>1,456.9</b>	<b>1,812.1</b>	<b>2,120.5</b>	<b>-657.3</b>	<b>-26.6%</b>	<b>-1,020.7</b>	<b>-32.5%</b>