

# CHAPTER 2

## The role of TAFE

### Development of Skills

2.1 Technical and Further Education institutions are state based colleges providing predominantly vocational tertiary education and training courses across the country. Qualifications achieved through the through the Vocational Education and Training (VET) system are governed by the Australian Qualifications Framework (AQF) and the system is regulated by the Australian Skills Quality Authority (ASQA). A number of TAFE institutions also deliver higher education qualifications to degree level and above.

2.2 The provision of skills training and development makes TAFE a key contributor to overall economic performance. However NSW and South Australia are the only two states that have a state-wide mission statement, or a clear statement of what TAFE's role should be. The NSW government's 'Statement of Owner Expectations' outlines what services TAFE should provide, and how it will fit into the new 'Smart and Skilled' policy reforms that will be implemented in the state from July 2014.<sup>1</sup>

2.3 The NSW Statement places TAFE at the centre of the training system in NSW, but emphasises that it will be placed in a more competitive funding environment where it will be expected to perform to a high standard while becoming 'more local responsive, flexible and autonomous'.<sup>2</sup>

2.4 The South Australian vision for TAFE is contained in the TAFE SA Strategic Plan 2012-2014. The plan sets out a comprehensive approach to how TAFE will deliver services in a new contestable funding environment. This includes a new structure that will amalgamate the current three TAFE institutions into a single statutory authority, and the provision of 100 000 additional funding places.<sup>3</sup>

2.5 The Australian Workforce and Productivity Agency (AWPA) recommended that all government in Australia should set out the role of TAFEs, and cited South Australia's plan as an exemplar:

We propose that in an environment of increasing contestability, governments should clearly articulate the role of TAFEs. A potential model exists in the position paper on TAFE released by the South Australian Government in 2011 in the lead up to the Skills for All reforms.<sup>4</sup>

2.6 TAFE Directors Australia discussed a study, supported by the Commonwealth government, into the econometric contribution that TAFE makes to the economy as a

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1 NSW Government, *TAFE NSW Statement of Owner Expectations*, August 2013, p. 1.

2 NSW Government, *TAFE NSW Statement of Owner Expectations*, August 2013, p. 1.

3 TAFE SA, *Strategic Plan 2012-2014*, p. 3.

4 Australian Workforce and Productivity Agency, *Submission 124*, p. 6.

whole. The study looked at the return on investment in vocational education and training and concluded that:

[W]ith some increase in funding to vocational education and training, it would yield a very large dollar amount. The percentage in the report I think is 18 per cent. One of the things that was argued in the report is that government-funding bodies ought to take a wider view of how they fund, so instead of just requiring full qualifications they look to recognise that many of the people who study at TAFE are working—they are in TAFE to get new skills—and what they sometimes want are skill sets. That is a prominent part of that study. The study is certainly a good one, in econometric terms, revealing the importance of vocational education and training to the economy.<sup>5</sup>

2.7 In terms of providing the skills required into the future, TAFE is considered vital. AWPA gave evidence that the demand for skills will continue to increase in the coming years. Their modelling showing that the 'total demand for qualifications [is] expected to increase by between three and 3.9 per cent on average each year.'<sup>6</sup> The agency also warned of the negative impact on the economy as a whole if these needs are not met.

2.8 Manufacturing Skills Australia (MSA) submitted evidence they had gathered from around their industry that suggested the skills required in the future will be 'far less labour intensive and based more around technology and the higher-end skills and knowledge'.<sup>7</sup>

2.9 MSA were concerned that the provision of these high end skills in the manufacturing industry often requires training facilities that are only available in TAFEs rather than through private providers. They argued that there is a danger that these services may not be available in the future if TAFEs are expected to compete with private providers on a purely cost basis:

The other fact we are finding is that in some of the high-cost programs, which are fairly capital intensive and require high-cost resourcing, TAFE directors are making decisions based along those same lines. The reasoning is that for the provision of a particular program, whatever the cost might be, they could provide three others for less cost and still get more student activity and operation within the institute itself. That is a concern. Around engineering in particular, which is the strong focus of manufacturing, a lot of the units of competency that are called up in training package qualifications are not commonly used but form part of the fabric of skills that are used across the industry. If an enterprise seeks training in a particular unit of competency that may represent a very high cost for a TAFE institute, they will maybe not even bother to offer it. So it is not so much about demand of driving the market; often the demand is there, but, if

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5 TAFE Directors Australia, *Proof Committee Hansard*, 16 April 2014, p. 47.

6 Australian Workforce and Productivity Agency, *Proof Committee Hansard*, 9 April 2014, p. 41.

7 Manufacturing Skills Australia, *Proof Committee Hansard*, 9 April 2014, p. 1.

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the providers do not wish or are not willing to provide that service, then industry will suffer because of that.<sup>8</sup>

2.10 AWPAs highlighted the expertise that TAFE has in areas where the training requires access to specialist facilities and staff with industry networks and experience:

TAFE's role is especially important where off-the-job training requires ongoing commitment to specialist facilities and to staff with extensive industry experience and strong industry networks. TAFE is central to the vocational education and training system in Australia and provides a wide range of qualifications, a geographic reach and a critical mass of expertise, facilities and resources that could not readily be replicated.<sup>9</sup>

2.11 The fact that TAFE is a publicly owned, operated and funded service also has an impact on the role it plays in support of the economy as a whole. Its capacity to provide services a private provider may not see as profitable, either due to geographical location, or the nature of the course, is often cited as one of the key distinctions of TAFE institutions. AWPAs were of the view that this is due to TAFE having a dual role of being a skills provider, and a further education provider. In many cases the educative role provides the foundation skills required for an individual to embark on skills training to industry standard:

In all the TAFE systems that I am aware of, TAFE is a provider of skills but also sees itself as a further educational institution. So it is grounded in an educational response. If you look at the Australian VET system, by international standards it is an amalgam of two things. It is an industry skilling system. We are providing training in specific occupations for particular groups. But it is also a further education system which is providing second-chance and initial training in foundation skills and core skills. Having that educational background is something that TAFE has developed over a period of time.<sup>10</sup>

2.12 According to AWPAs, a sole focus on unit costs for the delivery of a course puts the capacity to deliver both skills training and further education in jeopardy:

My board is concerned about whether the unit costs which all VET providers are currently working to and have consistently gone down are an indicator of increased efficiency or an indicator that maybe people are potentially jeopardising the range of services they have traditionally offered.<sup>11</sup>

2.13 The types of skills TAFE provided through this dual focus span a broad spectrum. At one end many submitters highlighted the literacy and numeracy skills

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8 Manufacturing Skills Australia, *Proof Committee Hansard*, 9 April 2014, p. 2.

9 Australian Workforce and Productivity Agency, *Proof Committee Hansard*, 9 April 2014, p. 41.

10 Australian Workforce and Productivity Agency, *Proof Committee Hansard*, 9 April 2014, p. 42.

11 Australian Workforce and Productivity Agency, *Proof Committee Hansard*, 9 April 2014, p. 42.

that TAFE provides to many people who do not have English as a first language, or require extra assistance in order to embark on other areas of study. The Community and Public Sector Union/Civil Service Association in Perth discussed the Course in Applied Vocational Study Skills (CAVSS) program in Western Australia that provides literacy and numeracy assistance at no cost for a certain number of hours:

There are [...] what they call CAVSS, which helps with literacy and numeracy in the classroom for some students. I believe that is free for a certain number of hours, at least for apprentices. Also, for our brand new migrants, their fee is very low.<sup>12</sup>

2.14 Unions WA also stressed that literacy and numeracy skills provided by TAFE for people from a non-English speaking background can feasibly only be provided by TAFE and not private training providers:

Many workers—for example, those from a non-English-speaking background—need pathways to improve literacy and numeracy skills. TAFE is the institution in which such improvements have been able to take place. A privatised system dominated by narrow definitions of industry needs will not necessarily serve these broad needs of working Western Australians.<sup>13</sup>

2.15 At the other end of the spectrum a number of TAFEs offer educational qualifications to degree level, and highly specialised vocational skills developed for industry.

### *Committee View*

2.16 The absence of a clear set of objectives for TAFE in other jurisdictions makes it difficult to assess what role each government sees for TAFE, and consequently how the TAFE institutions can plan and prepare for the inevitable changing nature of the training environment.

2.17 The committee was struck by how different the management of the TAFE system is across the country, which, while having advantages in terms of local decision making to meet local needs, creates issues in terms of ensuring consistency in the quality of skills delivered. These issues are likely to be exacerbated by the opening up of the system to a huge number of private training providers.

### **Recommendation 1**

**2.18 The committee recommends that the Commonwealth work with its COAG partners on the National Partnership Agreement on Skills Reform to ensure that all States and Territories provide clear statements of policy direction on the role of TAFE in consultation with vulnerable industries.**

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12 Public Sector Union/Civil Service Association, *Proof Committee Hansard*, 10 April 2014, p. 21.

13 Unions WA, *Proof Committee Hansard*, 10 April 2014, p. 26.

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## Meeting the needs of a changing workforce

2.19 Engagement with industry, and the ability for the TAFE sector to be agile enough to react quickly to changing workforce demands is one of the key challenges for the sector. As submitters in the previous section described, the workforce is moving from a labour intensive model to a high skills model. As the preeminent national training provider there are constant demands on TAFE to meet these challenges.

2.20 The Community Services and Health Industry Skills Council provided stark evidence of the needs of their sector in the coming years. Over the next five years an additional 125 000 workers will be required in the disability sector, and an astonishing 800 000 additional workers will be required in the aged care sector over the next 20 years. Currently the Council trains around 15 000 people in the disability sector each year, and 20 000 in aged care, but estimate that that will have to be almost doubled each year to meet the need.<sup>14</sup>

2.21 According to the Council, TAFE is the only institution that has the capacity to meet that demand. This is due to their expertise in the sector, and their geographical reach and ability to work in areas that private providers would not find commercially viable:

Our interest in providing the submission is to talk about the support for a very strong VET system and the support for the TAFE network in particular to provide the bulk of the qualifications that the health and care sector needs and provide them in areas where a lot of commercial operations will not go: markets such as rural and regional areas and qualifications that, while not highly used, are essential to maintaining our health and care system. For us, we believe TAFE is probably the only group in Australia that currently has the capacity to double the national throughput of publicly funded training to help us meet the essential workforce number targets that I am talking about.<sup>15</sup>

2.22 The health and community care sector is a good example of a policy area that is evolving at a rapid pace. The introduction of the National Disability Insurance Scheme (NDIS) will place demands not only on the numbers of employees required in the disability sector, but will also vary the types of skills required. The Council described the changing nature of qualifications that employees will need to work in the new scheme:

For those jobs, at the moment, the generally accepted industry standard for a beginning worker is a certificate III or certificate IV; but, if you look at some of the trends in where you think the growth in the role is required—growth in consumer directed care, the high level of cost of some of our infrastructure and the need to look at greater productivity—we think the

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14 Community Services and Health Industry Skills Council, *Proof Committee Hansard*, 15 April 2014, p. 1.

15 Community Services and Health Industry Skills Council, *Proof Committee Hansard*, 15 April 2014, p. 1.

individual aged-care worker, disability worker or home and community care worker is going to need a broader range of skills and expertise. I think that over time the base qualifications will move from a cert. III or a cert. IV up to a cert. IV and diploma or maybe even an advanced diploma.<sup>16</sup>

### *Committee View*

2.23 The committee heard extensive evidence on the value of TAFE in relation to skills provision, and the vital role it plays in skilling people for entry, or re-entry into the workforce. The committee applauds TAFEs for the overwhelmingly positive and unique contribution it makes to the economy. However it was concerned to hear the evidence from the Victorian Automotive Chamber of Commerce concerning the apparent breakdown in communication. The committee urges TAFEs to ensure that they focus on providing the skills required by industry, and ensure that concerns expressed by all stakeholders are taken on board to continually improve the service provided.

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16 Community Services and Health Industry Skills Council, *Proof Committee Hansard*, 15 April 2014, p. 1.