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SSA Submission to
the inquiry into the
*'Role of the TAFE
System and its
Operation'*

April 2013

Introduction

Service Skills Australia (SSA) is the Industry Skills Council (ISC) for the service industries, one of 12 not-for-profit, independent organisations funded by the Australian Government through the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education to support skills and workforce development.

SSA represents a range of industry sectors, including

- **WRAPS**—retail and wholesale, hairdressing, beauty, floristry, community pharmacy and funeral services.
- **Tourism, Travel and Hospitality**—travel, tourism, meetings and events, accommodation, restaurants and catering, holiday parks and resorts.
- **Sport, Fitness and Recreation**—sport, fitness, community recreation and outdoor recreation.

ISCs are funded to:

1. Provide integrated industry intelligence and advice to the Australian Workforce and Productivity Agency (AWPA), government and enterprises on workforce development and skills needs.
2. Actively support the development, implementation and continuous improvement of high quality training and workforce development products and services including training packages.
3. Provide independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions.
4. Work with enterprises, employment service providers, training providers and government to allocate training places.

SSA would like to thank the Standing Committee on Education and Employment for the opportunity to provide a submission to the *'Inquiry into the role of the Technical and Further Education (TAFE) system and its operation'*.

Submission Details

Name of Organisation: Service Skills Australia
Category of Stakeholder: Industry Skills Council

Overview

SSA appreciates the opportunity that the inquiry brings to communicate its perspective on the role of TAFE in the Australian Vocational Education and Training (VET) system and fully endorses the terms of reference for the inquiry. In particular, SSA asserts that:

- A strong and well resourced public delivery system in the form of TAFE is a critical component of the Australian VET system.
- In addition to providing skills for young people, TAFE also provides important second chance educational opportunities for many adults.
- TAFE serves social, economic and educational purposes, particularly in many remote and regional communities where a TAFE provider is the only post-school educational facility available to the local community.
- A well-resourced TAFE system is necessary to ensure that industry-driven qualifications—particularly those which are deemed too costly or resource-intensive by the private sector—are still delivered.
- Changes in funding arrangements for TAFE by State Governments in Victoria, NSW and Queensland have had damaging effects on the delivery of many service industry qualifications which have broad economic importance.

It is therefore, in the interest of the public, taxpayers and industry for a “long-term investment in a strong TAFE sector.” (*Skills for all Australians*; 2012)

The Development of Skills in the Australian Economy

Two of the fundamental roles of the Australian VET system have always been to give individuals the skills and qualifications necessary for them to gain employment and build careers and to ensure that Australian business has an adequate supply of skilled workers. TAFE has traditionally been a key player in ensuring that the VET system fulfilled these roles. SSA and the service industries understand that in order to build business—and to grow and maintain local industry—businesses need to ensure that they have access to an appropriately skilled, industry-ready and productive workforce. The nature of service and the significant role of the relationship between the employees of the service provider and the customer is well documented in both academic and practitioner literature. Due to the intangible nature of service, business success is dependent on the quality of the service given by employees; satisfied customers become repeat customers and promote business to others, ensuring long-term growth and profitability. Customer engagement is strongly related to quality of employees and is crucial to the service industries.

For many decades, TAFE systems have provided this training for the industries supported by SSA. Programs and services available through TAFE systems include the full suite of National Training Package qualifications developed by the service industries from Certificate I through to Graduate Diploma level for:

- Tourism, Travel and Hospitality (incorporating Events)
- Retail Services (incorporating Community Pharmacy and Business to Business)
- Sport, Fitness and Recreation
- Hairdressing
- Beauty
- Funeral Services
- Floristry

TAFE systems throughout Australia have also been proactive in the development of training programs outside the National Training Packages in order to meet local or niche industry needs. One example of this is William Angliss Institute's Resort Management program.

TAFE is also valued by SSA for the partnerships it has forged with businesses. On many occasions this has included innovative responses to the complexities and challenges faced by industry. The Pharmaceutical Society of Australia (NSW Branch) in collaboration with TAFE NSW, North Coast Institute is one such example where TAFE was able to respond through negotiation of a high-level 'umbrella agreement' and ongoing consultation. The partnership enabled access to funding and delivery by TAFE of pre-vocational courses for the community pharmacy sector incorporating skills in basic retail, point-of-sale knowledge, and developing work readiness to improve productivity returns to pharmacy owners from entry level employees. (*Improving the Bottom Line: Why Industry Values Partnerships with TAFE NSW*; 2008)

Developing Opportunities for Australians and Supporting Regions, Communities and Disadvantaged Individuals

TAFE systems across Australia offer a range of specific services and programs to support regions, communities and disadvantaged individuals. Throughout rural and regional Australia, TAFE provides a more extensive 'reach' than other educational institutions and private providers. The NCVET *Atlas of Australian Public VET* indicates that more than 50 per cent of TAFE institutes have campuses in rural and regional locations as well as outreach centres, mobile and e-learning facilities. (NCVER; 2006)

SSA recognises the importance of the extent of reach by TAFE for the delivery of educational services and vocational programs to communities and regions. The presence of TAFE in these communities provides an opportunity for all individuals to satisfy educational inspirations and access training for skills development and enhancement which may not otherwise be available.

SSA would like to cite the significance of TAFE having a presence in regional areas for training, for example, for tourism. Tourism regions are often in remote and less-populated areas of Australia. Indeed, 46 per cent of tourism expenditure is spent in regional locations. (Tourism Research Australia, 2011, *The Economic Importance of Tourism in Australia's Regions*) This results in a situation whereby regional locations rank highest in terms of economic dependence on tourism and the importance of tourism for the economic viability of some regional areas is crucial. The provision of required tourism training services and programs in communities in rural and regional areas by providers other than a publicly funded body such as TAFE are, in most instances, not financially viable.

Regional communities experience lower school retention and a higher proportion of unqualified adult workers than metropolitan regions which in turn leads to a range of social and economic issues (TDA, *TAFE's Strategic Leadership Role in Regional Australia*). TAFE systems provide learner support and programs to assist with literacy, numeracy, communication and other skills that are essential to redressing these concerns in regional (and metropolitan) areas. Partnerships by TAFE with other agencies are significant to its community role such as sport and fitness programs for young Aboriginal people along with support and training programs for individuals with mental health problems

Outreach and other programs available through TAFE are essential to ensure that education and training is accessible for individuals who may face a range of barriers such as geographical isolation, financial hardship, disability, language and cultural factors. These programs and services provided are in the spirit of *Skills for all Australians* and the observation that, "a renewed focus is needed on increasing the number of these students completing qualifications, including at higher skills levels. This will position them better to take advantage of job opportunities and ensure that they and their families share the benefits of a strong economy." (Commonwealth of Australia; 2012 p. 67) TAFE is central to the provision of services to meet the needs of these learners.

State Government Funding Decisions

Throughout this submission SSA has consistently argued that it is in the interest of the public, taxpayers and industry for a long-term investment in a strong TAFE sector. As such, SSA has been very concerned by the impact of changing funding arrangements for TAFEs in Queensland, New South Wales and Victoria. Across the three jurisdictions changes have resulted in campus closures, reduction of courses and rising tuition fees.

In Victoria, for example—despite the return of \$200 million worth of funding under Premier Denis Napthine—numerous TAFE institutes have been forced to cut courses or close campuses. As the following list demonstrates, service industry qualifications have been hit particularly hard:

- Advance: seeks to remove 34 courses including Retail and Hospitality
- Ballarat (UB): closing 43 courses including Hospitality.
- Bendigo TAFE: closing 39 courses including Retail.
- Box Hill: closing 88 courses, 100 per cent average price increase.
- Central Gippsland: closing Community Pharmacy and Retail; Salon Management, Beauty Therapy and Tourism. VETiS at risk.
- Chisholm: planned reductions in the Recreation and Retail Sectors; VETiS fee increase.
- Gordon: 43 courses at risk including Sport and Recreation, Retail, Hospitality. Strongly considering withdrawing from VETiS in 2014.
- Holmesglen: Hospitality, Sport and Recreation will be delivered with higher fees, but will cease if demand is insufficient.
- Kangan: some course in Retail and Hospitality will be closed.
- NMIT: 56 courses will cease, including those in Hospitality.
- Swinburne: withdrawing entirely from Cookery, Floristry, Hospitality, Recreation and Tourism. Requires \$30 million in additional funding to ensure viability of VETiS program.
- Victoria Uni: 78 courses will be removed including those in Events and Tourism, with significant reductions in Sport and Fitness and Hospitality.
- William Angliss Institute: the VETiS program will not continue without additional support.¹

¹ TAFE Transition Plans, 2012 (Victorian Cabinet Paper)

Given that employment in the service industries represents 23.7 per cent of the total workforce, the removal of these courses and qualifications has broad economic and social ramifications. Service industry occupations also provide high-levels of entry (and re-entry) to the workforce for first-time jobseekers, teenagers (15–19 year olds), young adults (20–24 year olds), the unemployed and those who have been outside the labour force (The University of Melbourne, *Destinations Survey for the Service Industries*, prepared for Service Skills Australia; 2013). The pathways provided by service industry training helps lead to stable employment over time and longer-term access to further education and training. Furthermore, women are disproportionately represented in several service industry qualifications. Analysis conducted by the Victorian TAFE Association found that the state's cuts to funding affected courses with high numbers of female enrolments (including retail and hospitality) far more than male-dominated courses (Victorian TAFE Association, *TAFE Cuts Discriminate Against Women*; 2012).

SSA is very concerned about the long-term economic and social costs that State Government funding changes to TAFE have imposed on the service industries and look forward to the final outcomes of the inquiry regarding this term of reference.