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The Parliament of the Commonwealth of Australia

# TAFE: an Australian asset

**Report of the inquiry into TAFE and its operation**

House of Representatives  
Standing Committee on Education and Employment

October 2014  
Canberra

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ISBN 978-1-74366-194-9 (Printed version)

ISBN 978-1-74366-195-6 (HTML version)

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## Foreword

The intrinsic value of TAFE as an Australian asset was clearly evident throughout this inquiry. As put by the TAFE Community Alliance, 'TAFE is not a business, it's a public institution ... [it's] about putting back into the community', a notion that was supported by not only interest groups, but also by students, industry, universities and the wider Australian community.

This report's main message is a strong emphasis on the value of TAFE in the Australian community and, as such, the Committee believes that the Australian Government should acknowledge this value with a statement through the Council of Australian Governments. This statement should define the role of TAFE in the Vocational Education and Training (VET) sector and acknowledge the unique functions that TAFE, as a major public provider, can contribute. The statement should also set the future direction for TAFE as it operates within the competitive training market – an environment that poses many challenges for TAFE.

The TAFE sector is the largest education and training sector in Australia with 61 government-owned TAFE institutes and university TAFE divisions. This report considers TAFE in a number of different contexts – TAFE's position in the skilling of Australia's workforce; the role it plays in the provision of pathways to employment and university; its community support role; and the competitive environment in which it operates.

TAFE plays a significant role in the development of skills that are essential to the Australian economy. Australia is no stranger to mass redundancies and closures of large-scale manufacturing plants which leave many people out of work. Historically, TAFE has been invaluable in reskilling and providing these often mature aged workers with new opportunities, particularly where many have not undertaken training or further education for many years and in some cases at all. TAFE is an important provider of second chance education and is often a pathway to employment and university, avenues which are frequently supported through partnerships with industry and universities.

For skills development, it is clear that a significant focus in TAFE (and in the VET sector as whole) needs to be on the quality of educative outputs – the actual ability of potential employees to be able to perform the tasks for which they are being trained – and not just on inputs such as student contact hours. At the same time, it is important that outputs and inputs are balanced. A related issue is the variable quality of training, and the Committee believes that the Australian Government should address this either with greater prescription for national Training Packages on the inputs side, or through the development of measures for assessing acquired skills on the outputs side.

The significant role played by TAFE as a provider of opportunities for those in positions of disadvantage and vulnerability was a clear theme in the evidence. While some private training organisations do provide support in this area, this important community support role can often fall to TAFE. Overall, the evidence showed that TAFE undertakes this role well – indeed, in some cases, TAFE has quite literally turned lives around. The Committee recognises the challenges TAFE faces in meeting the needs of these students, and feels that federal VET funding should take into account this role.

The Committee also took evidence in relation to unscrupulous marketing practices by private training providers and other practices of concern, such as the offering of inducements to enrol and advance fee collection. This can endanger both the experience of students and the reputation of training providers generally. These issues have been recognised by the main regulator in this area, the Australian Skills Quality Authority (ASQA). The Committee supports the continued work of the Australian Government, through ASQA and other involved parties, in addressing loopholes that allow high-risk and unscrupulous practices to endanger the experience of students and the reputation of training provision.

TAFE is part of the larger VET sector and, while the Commonwealth provides funding for TAFE as part of its overall expenditure on VET, the governance of TAFE is determined by state and territory legislation. This framework has its limitations. For example, the expenditure of federal funding on TAFEs is not currently quantified at the federal level. This is concerning: the Australian Government should seek to put reporting in place to capture this important information, including the application of the funding by the states and territories. The Committee was also struck by how capital intensive TAFEs can be – particularly in relation to equipment needs. Federal VET funding should take TAFE capital requirements into account. Appendix C of this report gives examples of some of the more capital intensive machinery and tools along with purchase and running costs.

I would like to express my thanks to the Deputy Chair, the Hon Alannah MacTiernan MP, and all members of the Committee for their hard work and dedication. These thanks are also extended to the Committee of the 43<sup>rd</sup> Parliament which began this inquiry. I would also like to sincerely thank all of the individuals and organisations that gave their valuable time to contribute to the evidence, including the students who completed the online student survey. Finally, particular thanks go to those TAFE Institutes; Hunter TAFE in Newcastle, the Barrier Reef Institute of TAFE in Townsville, Regency TAFE in Adelaide and Central TAFE in Perth who hosted the Committee, provided meeting facilities, and allowed us to inspect their facilities. This gave the Committee a valuable insight into the operations of TAFE.

Mr Ewen Jones MP  
Chair





## Membership of the Committee

Chair Mr Ewen Jones MP

Deputy Chair The Hon Alannah MacTiernan MP

Members Mrs Karen Andrews MP

Ms Julie Owens MP

The Hon Sharon Bird MP (from 27/02/14) The Hon Amanda Rishworth (from 14/07/14)

The Hon Kate Ellis MP (to 27/02/14)

Ms Ann Sudmalis MP

Mr Alex Hawke MP

Mr Tim Watts MP (to 14/07/14)

Mrs Karen McNamara MP

Mr Matt Williams

## Committee Secretariat

Secretary	Dr Glenn Worthington (to 21/07/2014)
	Dr Nicholas Horne (from 7/08/2014)
Inquiry Secretary	Mr Robert Little
Research Officer	Ms Rebeka Mills
Administrative Officers	Ms Katrina Gillogly Ms Jessica Ristevska



## Terms of reference

TAFEs have played a critical role in the training and development of Australians for more than one hundred years. For many Australians, TAFEs provide a critical pathway to training and skills which are increasingly needed to access employment. They also play a critical role in regions and in providing access for disadvantaged groups.

The Committee will inquire into and report on the role played by TAFEs in:

- the development of skills in the Australian economy;
- the provision of pathways for Australians to access employment;
- the provision of pathways for Australians to access University education; and
- the operation of a competitive training market.





## List of abbreviations

ACCI	Australian Chamber of Commerce and Industry
ACPET	Australian Council for Private Education and Training
AEU	Australian Education Union
ASQA	Australian Skills Quality Authority
AQF	Australian Qualifications Framework
AQFC	Australian Qualifications Framework Council
ASA	Auto Skills Australia
ASC	Australian Submarine Corporation
AVETRA	Australian Vocational Education and Training Research Association
AWPA	Australian Workforce and Productivity Agency
BCA	Business Council of Australia
COAG	Council of Australian Governments
CPSISC	Construction and Property Services Industry Skills Council
CS&HISC	Community Services and Health Industry Skills Council
ESL	English as a Second Language
GSA	Government Skills Australia
IBSA	Innovation and Business Skills Australia

IGA	Intergovernmental Agreement on Federal Financial Relations
ISC	Industry Skills Council
LLN	Language, Literacy and Numeracy
MSA	Manufacturing Skills Australia
NASWD	National Agreement for Skills and Workforce Development
NCVER	National Centre for Vocational Education Research
NMIT	Northern Melbourne Institute of TAFE
NSSC	National Skills Standards Council
NTEU	National Tertiary Education Union
NVEAC	National VET Equity Advisory Council
RTO	Registered Training Organisation
SCOTese	Standing Council on Tertiary Education, Skills and Employment
SkillsDMC	Skills Drilling, Mining, Quarrying and Civil Infrastructure Australia
SPP	Specific Purpose Payment
SSA	Service Skills Australia
TAFE	Technical and Further Education
TDA	TAFE Directors Australia
TLISC	Transport and Logistics Industry Skills Council Ltd
TPDH	Training Package Development Handbook
USI	Unique Student Identifier
VET	Vocational Education and Training



# List of recommendations

## 3 The development of skills in the Australian economy

### Recommendation 1

The Australian Government should, through the Council of Australian Governments, make a value statement comprehensively defining the role of TAFE within the VET sector together with its future direction in the competitive training market, from a national perspective.

This statement should recognise that the affordability and accessibility of the training market is underpinned by a strong public sector provider and acknowledges the following functions that TAFE, as a major and significant not-for-profit public provider, can uniquely bring to the VET sector:

- setting a benchmark for price that ensures the market doesn't simply drive prices up to meet either public or private funding maximum levels;
- delivering community support obligations and ensuring the provision of support across all population centres and groups;
- ensuring that thin markets are covered to maximise the provision of skills needed by both the economy and society;
- delivering support for regions and industries in transition, including working with community leaders to identify changing skills profiles needed for the future and analyse training needs for displaced workers and jobseekers;
- identifying and investing in skills development for new, innovative and emerging industry sectors such as advanced manufacturing, green skills, and ICT;
- providing pre-employment courses, particularly language, literacy and numeracy and digital skills as well as job readiness courses;

- providing mature age learners and early school leavers for whom TAFE is the most appropriate pathway with access to pathway qualifications in order to undertake further study;
- providing other specialised training pathways such as pre-apprenticeship courses; and
- providing a sound, government-backed institution that can attract strong support in the education markets of the Asian region.

#### **Recommendation 2**

That the Australian Government addresses ongoing concerns about the highly variable quality of training. Two approaches are possible and may be applied differentially depending on the particular circumstance:

- seeking a greater level of prescription and precision around national Training Packages; or, alternatively,
- tasking the Australian Skills Quality Authority, or relevant state authorities, to develop more output-based measures that focus on assessment of skills acquired.

### **4 TAFE pathways to employment and university**

#### **Recommendation 3**

That the Australian Government, in its discussions with the states and territories regarding the impact of current funding arrangements on TAFE provision of pathways to employment, also raise the impact of these arrangements on TAFE provision of pathways to tertiary education and/or higher level studies.

### **5 TAFE in the competitive training market**

#### **Recommendation 4**

The Australian Government should continue its current actions through the Australian Skills Quality Authority, other regulators, national Training Standards and any other involved parties, to take suitable action to address loopholes that are allowing high-risk and unscrupulous practices to endanger the experience of students and the reputation of training provision.

#### **Recommendation 5**

The Australian Government should put in place reporting, via the National Centre for Vocational Education Research, that captures the exact federal financial contribution made to TAFE and its application by state and territory governments.

**Recommendation 6**

The Australian Government, should, via the Council of Australian Governments, seek to ensure that VET funding takes into account TAFE capital requirements.

**Recommendation 7**

The Australian Government, should, via the Council of Australian Governments, seek to ensure that VET funding takes into account the particular role of TAFE in providing opportunities for those in positions of disadvantage and vulnerability.



## Introduction

### Inquiry in the 43<sup>rd</sup> Parliament

- 1.1 On 21 March 2013 the House of Representatives Standing Committee on Education and Employment of the 43<sup>rd</sup> Parliament adopted an inquiry referred by the then Minister for Tertiary Education, Hon Chris Bowen MP, into *the role of the Technical and Further Education system and its operation*.
- 1.2 The Committee received 172 submissions from interested individuals and organisations and in excess of 1 000 responses to a survey organised by Unions Australia.<sup>1</sup> These responses were not received as formal submissions to the inquiry.
- 1.3 The Committee held an initial public hearing in Canberra with the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education. A further hearing was conducted in Brisbane on 7 June 2013, at which key stakeholders, including TAFE Directors Australia, appeared and roundtable discussions were held with employer and industry associations, community organisations and unions.
- 1.4 The Standing Committee on Education and Employment ceased to exist upon dissolution of the 43<sup>rd</sup> Parliament and accordingly its inquiry lapsed.

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1 Unions Australia Survey Responses accessible from [http://www.aph.gov.au/Parliamentary\\_Business/Committees/House\\_of\\_Representatives/Committees?url=ee/tafe44/subs.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives/Committees?url=ee/tafe44/subs.htm) viewed 24 October 2014.

## Inquiry in the 44<sup>th</sup> Parliament

### Referral of the inquiry

- 1.5 The Standing Committee on Education and Employment for the 44<sup>th</sup> Parliament was established on 14 November 2013 under Standing Order 215.<sup>2</sup>
- 1.6 On 24 February 2014 the Minister for Industry, the Hon Ian Macfarlane MP, referred terms of reference for the inquiry. The terms of reference differ from those of the inquiry in the 43<sup>rd</sup> Parliament and are set out in the front pages of this report.

### Inquiry process

- 1.7 The inquiry was adopted and announced on 26 February 2014 and submissions from interested individuals and organisations were called for. A wide range of stakeholders including state and territory governments, peak advocacy bodies, employer organisations, business chambers and unions were also directly invited to make submissions.
- 1.8 Under House of Representatives Standing Order 237 the Committee was able to consider and make use of the evidence submitted to the Technical and Further Education (TAFE) inquiry of the 43<sup>rd</sup> Parliament. This included 172 submissions and transcripts from the following public hearings:
  - 30 May 2013, Canberra – public hearing; and
  - 7 June 2013, Brisbane – public hearing.
- 1.9 The Committee held public hearings and inspections as follows:
  - 19 March 2014, Canberra – public hearing;
  - 8 April 2014, Sydney – public hearing;
  - 9 April 2014, Newcastle – inspection;
  - 15 April 2014, Melbourne – public hearing;
  - 16 April 2014, Bendigo – public hearing;
  - 30 April 2014, Launceston – public hearing;
  - 7 May 2014, Townsville – inspection and public hearing;
  - 6 June 2014, Canberra – public hearing;
  - 12 June 2014, Adelaide – inspection and public hearing;

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2 House of Representatives Standing Orders as at 14 November 2013, <<http://www.aph.gov.au/~media/05%20About%20Parliament/53%20HoR/53%20PPP/StandingOrders/fullreport.ashx>> viewed 24 October 2014.

- 13 June 2014, Perth – inspection and public hearing; and
  - 16 July 2014, Canberra – public hearing.
- 1.10 In addition, the responses to the Unions Australia survey, while not formal submissions to the inquiry, formed part of the broader context drawn on by the Committee.
- 1.11 All TAFE institutes with which the Committee engaged greatly assisted the Committee in its work.
- 1.12 Full details of the public hearings can be found in Appendix B.

## Survey

- 1.13 A key objective for the Committee was to hear from past, present and future TAFE students. The Committee received little evidence from these groups and, therefore, chose to conduct an online survey in order to hear their views. The survey was launched on 5 May 2014 and closed on 31 July 2014. The survey received a total of 6 635 responses.
- 1.14 The intention of the survey was to gather attitudinal responses to TAFE experiences. The survey focussed on individual student TAFE experiences; asked questions relating to demographics; sought advice on how TAFE has benefited respondent's personal experiences; and requested feedback on how TAFE could improve.
- 1.15 The survey was not intended to yield statistics in relation to Vocational Education and Training (VET) or TAFE, or to provide a representation of the TAFE sector student cohort. For an accurate statistical portrayal of the VET sector, the National Centre for Vocational Education Research (NCVER) should be consulted.<sup>3</sup>
- 1.16 The survey collected both qualitative and quantitative responses. A selection of free text survey responses has been included in Chapter 4 to provide an indication of views expressed.
- 1.17 Quantitative responses to the survey can be found in Appendix D. Of the respondents to the survey:
- 28.95 per cent were aged over 50 years;
  - 63.50 per cent were female;
  - Over 11 per cent identified with having a disability that affected their work and/or study options; and
  - More than 37 per cent had completed a tertiary qualification.

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3 Statistical data for the Vocational Education and Training (VET) sector can be accessed via the National Centre for Vocational Education Research (NCVER) website:  
<<https://www.ncver.edu.au/>>

- 1.18 Business Administration, Information Communications and Technology were the most common fields of study for survey respondents. Also, respondents gave an average positive rating of 82 per cent on how they perceived their TAFE qualification was valued by potential or current employers. A similar picture emerged in relation to student satisfaction with the quality of teaching and the resources available at TAFE.

## Structure of the report

- 1.19 Following this introductory chapter, the report contains four chapters.
- 1.20 Chapter 2 provides an overview of the Commonwealth's involvement in the VET sector. The governance and regulatory areas outlined have roles in the VET sector and do not specifically govern or regulate the TAFE sector.
- 1.21 Chapter 3 deals with the development of skills in the Australian workforce. It considers the position of TAFE, Industry Skills Councils, and the regulatory approach of the Australian Skills Quality Authority. Chapter 3 also considers the issue of identifying skill needs and shortages.
- 1.22 Chapter 4 provides an overview of the importance of TAFE in providing pathways to employment and university as well as its significant community support role.
- 1.23 Chapter 5 considers the competitive training market and the issues for TAFE in this market.
- 1.24 Each chapter notes relevant elements of the Council of Australian Governments (COAG) framework.

## Senate inquiry

- 1.25 On 11 December 2013 the Senate referred an inquiry into TAFE in Australia to the Senate Education and Employment References Committee. The Committee tabled its report on 14 May 2014.<sup>4</sup> While there was some overlap between the terms of reference for the Senate Committee inquiry and those for the House of Representatives Standing Committee on Education and Employment inquiry, there was also considerable divergence.<sup>5</sup> Term of reference 2(a) for the Senate Committee

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4 Parliament of Australia, Senate Education and Employment References Committee, 'Technical and Further Education in Australia', 14 May 2014  
<[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_and\\_Employment/TAFE/Report/index](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/TAFE/Report/index)> viewed 24 October 2014.

5 Parliament of Australia, Senate Education and Employment References Committee, 'Technical and Further Education in Australia: Terms of Reference',  
[http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_and\\_Employment/TAFE/Terms\\_of\\_Reference](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/TAFE/Terms_of_Reference)> viewed 24 October 2014.

inquiry required the Committee to consider any public information provided to the House of Representatives Standing Committee on Education and Employment TAFE inquiry.<sup>6</sup>

## Changes to the Commonwealth framework during the inquiry

1.26 During the course of the inquiry a number of changes were made to the Commonwealth framework relating to VET. These changes were as follows:

- Until December 2013 the COAG Standing Council on Tertiary Education, Skills and Employment (SCOTESE), which commenced in 2011, functioned as the COAG body focusing on workforce needs, educational attainment and skills.<sup>7</sup> In December 2013 COAG considered its arrangements and announced a new Industry and Skills Council to replace SCOTESE.<sup>8</sup>
- In April 2014 the National Skills Standards Council was dissolved and its ongoing functions were delegated to industry representatives and selected senior officials through the Industry and Skills Council Advisory Committee.<sup>9</sup>
- In April 2014 it was agreed that the ongoing committees and sub-committees established under the previous SCOTESE, including the National VET Equity Advisory Council, be dissolved.<sup>10</sup> As of 1 July 2014 the functions of the Australian Workforce and Productivity Agency were transferred to the Australian Government's Department of Industry.<sup>11</sup>

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6 Parliament of Australia, Senate Education and Employment References Committee, 'Technical and Further Education in Australia: Terms of Reference', [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate/Education\\_and\\_Employment/TAFE/Terms\\_of\\_Reference](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Education_and_Employment/TAFE/Terms_of_Reference) viewed 24 October 2014.

7 Council of Australian Governments (COAG) Standing Council on Tertiary Education, Skills and Employment (SCOTESE), *Terms of Reference*, <[http://www.scotese.natese.gov.au/\\_data/assets/pdf\\_file/0003/61239/SCOTESE\\_Terms\\_of\\_Reference\\_endorsed\\_by\\_COAG.pdf](http://www.scotese.natese.gov.au/_data/assets/pdf_file/0003/61239/SCOTESE_Terms_of_Reference_endorsed_by_COAG.pdf)> viewed 24 October 2014.

8 National Advisory for Tertiary Education, Skills and Employment, 'COAG Industry & Skills Council', < <http://www.natese.gov.au/cisc>> viewed 24 October 2014.

9 It should be noted that on Friday 13 December 2013 COAG considered its arrangements and announced a new Council for Industry and Skills. SCOTESE remains in place as the authorising body for work it was previously tasked with until the new Council is formally established and assumes responsibility.

10 Australian Government, Department of Industry 'Vocational Education and Training Reform', 'Establishment of the Industry and Skills Council Advisory Committee', <<http://vetreform.industry.gov.au/news/establishment-industry-and-skills-council-advisory-committee>> viewed 24 October 2014.

11 Australian Government, Australian Workforce Productivity Agency (AWPA), <<http://www.awpa.gov.au/Pages/default.aspx>> viewed 24 October 2014.

- 1.27 These changes are also noted in Chapter 2 of this report. It should be noted that much of the evidence to the inquiry was provided within a framework within which now dissolved bodies were functioning. Submission and transcript evidence that mentions these bodies has not been changed.

## The recurrent nature of issues facing the TAFE sector

- 1.28 This report deals with TAFE as it is today. This in turn requires an awareness of the history of TAFE. The 2001 NCVER report, *The Development of TAFE in Australia*, provides an extensive and well set out history of TAFE and the policy discussions surrounding the TAFE sector.<sup>12</sup> This research also shows that many, if not all, of the issues facing TAFE, TAFE students, state, territory and Commonwealth governments and private enterprise/industry are ongoing.
- 1.29 In addition, the 1974 *Kangan Report*<sup>13</sup> on technical and further education needs is recognised as one of the seminal reports dealing with the TAFE sector. TAFE NSW notes that the *Kangan Report*:
- ... named and defined the TAFE system. Many of the carefully cultivated components of the sector were recognised by the report and consolidated in the 1970s by the Whitlam and Fraser governments. Individual opportunity and social improvement became catch-cries and important philosophies.<sup>14</sup>
- 1.30 The following points made in the *Kangan Report* underscore the recurrent nature of themes in the TAFE sector from 1974 to today:
- The main purpose of education is the betterment and development of individual people and their contribution to the good of the community. Technical and further education should be planned accordingly. Emphasis on the needs of the individual should lead to easier access to learning, to better physical conditions for learning, to suitable student and teacher amenities, to welfare facilities, and to the highest standards of health and safety in workshops and laboratories.<sup>15</sup>

12 G Goozee, *The Development of TAFE in Australia*, 3<sup>rd</sup> edn, NCVER Ltd, 2001.

13 M Kangan, *TAFE in Australia: report on needs in technical and further education, April 1974 [Kangan Report]*, VOCEDplus, <<http://www.voced.edu.au/content/ngv38436>> viewed 24 October 2014.

14 New South Wales Government, TAFE NSW, 'Our History', <[https://www.tafensw.edu.au/about/our\\_history.htm](https://www.tafensw.edu.au/about/our_history.htm)> viewed 24 October 2014.

15 M Kangan, *TAFE in Australia: report on needs in technical and further education, April 1974 [Kangan Report]*, vol. 1, p. xxiii, VOCEDplus <<http://www.voced.edu.au/content/ngv38436>> viewed 24 October 2014.

- The demand for education throughout life can be expected to grow not simply because of changes in technologies and social organisation but also because people will become increasingly aware of the practical advantages that it gives the individual in respect of employment and livelihood. The cost of formal vocational education, however, will inhibit its growth unless advantage can be taken of new learning technology that can supplement formal teaching strategies or substitute self-learning techniques for formal classroom attendance. Technology in educational strategy warrants very considerable development, and efforts should be encouraged to spread its use.<sup>16</sup>
- The services of social workers should be available to college students for counselling on personal, family or social problems. College organisations should be such as to try to avoid losing students because of such problems.<sup>17</sup>
- More action is desirable to link streams of vocational education in technical colleges to career opportunities in secondary industry and the fast growing tertiary industries. Young people at schools should be given more information about the relationship between available courses and existing occupations, and TAFE authorities should re-examine career opportunities to assess the sufficiency and relevance to the labour market of the current range of courses.<sup>18</sup>
- Relevance is the key principle in courses. Content must be kept relevant, and little-used knowledge and skills should be removed. Reviews for this purpose might be justified every two or three years of apprenticeship, post apprenticeship, technician area courses and the like, which are continually under the influence of technological change. In all States, committees of persons appointed from industry to assess course contents are used to a greater or lesser extent and are very helpful. Maintaining the relevance of contents of courses, however, is a task for specialists who can identify the critical requirements of vocations, and jettison material that is irrelevant. The

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16 M Kangan, *TAFE in Australia: report on needs in technical and further education, April 1974* [Kangan Report], vol. 1, p. xxiv, VOCEDplus, <<http://www.voced.edu.au/content/ngv38436>> viewed 24 October 2014.

17 M Kangan, *TAFE in Australia: report on needs in technical and further education, April 1974* [Kangan Report], vol. 1, p. xxvi, VOCEDplus, <<http://www.voced.edu.au/content/ngv38436>> viewed 24 October 2014.

18 M Kangan, *TAFE in Australia: report on needs in technical and further education, April 1974* [Kangan Report], vol. 1, p. xxx, VOCEDplus, <<http://www.voced.edu.au/content/ngv38436>> viewed 24 October 2014.

Australian Government should help all States to employ and develop more such specialists.<sup>19</sup>

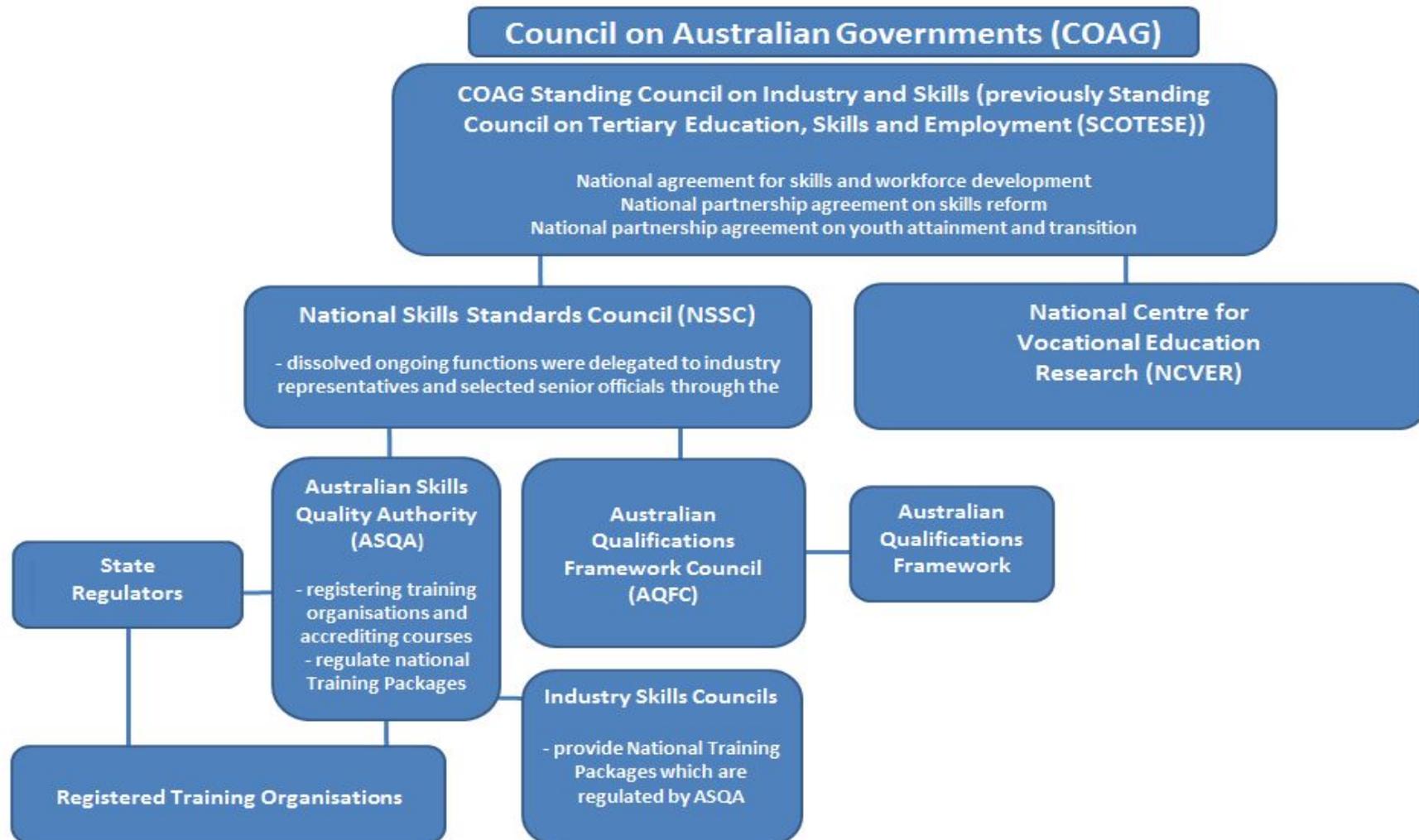
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19 M Kangan, *TAFE in Australia: report on needs in technical and further education, April 1974* [Kangan Report], vol. 1, p. xxv, VOCEDplus, <<http://www.voced.edu.au/content/ngv38436>> viewed 24 October 2014.

## Commonwealth involvement in Vocational Education and Training

- 2.1 This chapter provides an overview of the Commonwealth's involvement in the Vocational Education and Training (VET) sector. The arrangements outlined relate to the VET sector, of which the TAFE sector is a subset, but do not directly govern or regulate the TAFE sector.
- 2.2 The TAFE sector is the largest education and training provider in Australia. There are 61 government-owned TAFE institutes and university TAFE divisions.
- 2.3 Australia's TAFE institute network comprises more than 1 000 campuses located across central business districts, suburban, regional and remote locations, with many institutes offering further services throughout the Asia-Pacific and other offshore regions.
- 2.4 The regulation and governance of individual TAFE institutes is a matter determined by state and territory legislation. The Committee notes that the states and territories have never moved toward national standards with regard to TAFE regulation and governance.
- 2.5 While the Commonwealth has no direct administrative role in TAFE, it does exercise a regulatory function through the Australian Skills Quality Authority (ASQA) (discussed below) by registering training organisations and accrediting courses. Figure 2.1 outlines Commonwealth involvement in VET.

Figure 2.1 Commonwealth involvement in Vocational Education and Training



## COAG and COAG agreements

- 2.6 Council of Australian Governments (COAG) agreements provide the foundation for Commonwealth involvement in VET, and through it, the operability of the TAFE sector.<sup>1</sup> These agreements provide for the Commonwealth, in conjunction with states and territories, to fund the VET sector for the provision of specified outcomes. TAFE is not directly funded; rather, Commonwealth funding is provided through states and territories.
- 2.7 Until December 2013 the COAG Standing Council on Tertiary Education, Skills and Employment (SCOTESE), which commenced in 2011, functioned as the COAG body focusing on workforce needs, educational attainment and skills.<sup>2</sup> In December 2013 COAG considered its arrangements and announced a new Industry and Skills Council to replace SCOTESE.<sup>3</sup> At its first meeting in April 2014 the Industry and Skills Council agreed on its priorities for VET reform; these are set out below.

## Objectives and priorities for VET reform

- 2.8 The COAG Industry and Skills Council have agreed to six objectives for the VET system. The objectives will shape VET reform to support the current and future skills needs of Australian businesses. These are:
- A national VET system which is governed effectively with clear roles and responsibilities for industry, the Commonwealth and the states and territories
  - A national system of streamlined industry-defined qualifications that is able to respond flexibly to major national and state priorities and emerging areas of skills need

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1 The agreements are the *National Agreement for Skills and Workforce Development*, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014; the *National Partnership Agreement on Skills Reform*, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_partnership.pdf)> viewed 24 October 2014; and the *National Partnership Agreement on Youth Attainment and Transitions*, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/youth\\_attainment\\_transitions/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/youth_attainment_transitions/national_partnership.pdf)> viewed 24 October 2014.

2 Council of Australian Governments (COAG) Standing Council on Tertiary Education, Skills and Employment (SCOTESE), *Terms of Reference*, <[http://www.scotese.natase.gov.au/\\_data/assets/pdf\\_file/0003/61239/SCOTESE\\_Terms\\_of\\_Reference\\_endorsed\\_by\\_COAG.pdf](http://www.scotese.natase.gov.au/_data/assets/pdf_file/0003/61239/SCOTESE_Terms_of_Reference_endorsed_by_COAG.pdf)> viewed 24 October 2014.

3 National Advisory for Tertiary Education, Skills and Employment, 'COAG Industry & Skills Council', <<http://www.natase.gov.au/cisc>> viewed 24 October 2014.

- Trade apprenticeships that are appropriately valued and utilised as a career pathway
- A modern and responsive national regulatory system that applies a risk-management approach and supports a competitive and well-functioning market
- Informed consumers who have access to the information they need to make choices about providers and training that meets their needs
- Targeted and efficient government funding that considers inconsistencies between jurisdictions or disruption to the fee-for-service market.<sup>4</sup>

2.9 Ministers agreed on three key priorities for action:

- examine the standards for providers and regulators to ensure they better recognise the different level of risk posed by different providers, enable the regulators to deal more effectively with poor quality in the sector to improve confidence, and meet the Australian Government's deregulation objectives;
- reduce the burden on the VET sector arising from the constant updates to training packages; and
- ensure that industry is involved in policy development and oversight of the performance of the VET sector and to streamline governance arrangements and committees.<sup>5</sup>

2.10 In June 2014 the Hon Ian Macfarlane MP, Minister for Industry, released revised Registered Training Operator (RTO) and VET Regulator Standards for public consultation. As at August 2014 submissions had closed, and:

[T]he VET Reform Taskforce is currently analysing all comments and submissions received on the draft revised standards. During August the Taskforce will undertake further redrafting of the standards with the view to workshopping these with the states and territories and the regulators in preparation for finalising the standards for consideration by the COAG Industry and Skills Council. It is intended that the revised standards will come into effect from 1 January 2015.<sup>6</sup>

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4 Australian Government, Department of Industry, 'VET Reform Vision' <<http://www.vetreform.industry.gov.au/vet-reform-vision>> viewed 24 October 2014.

5 Australian Government, Department of Industry, 'VET Reform Vision' <<http://www.vetreform.industry.gov.au/vet-reform-vision>> viewed 24 October 2014.

6 Australian Government, Department of Industry 'Vocational Education and Training Reform', 'Draft revised RTO and VET Regulator Standards' <<http://www.vetreform.industry.gov.au/publication/draft-revised-rto-and-vet-regulator-standards>> viewed 4 September 2014.

## COAG agreements

- 2.11 The COAG agreements outlined below provide the basis for Commonwealth involvement in the TAFE sector.

### Intergovernmental Agreement on Federal Financial Relations

- 2.12 Under the COAG Intergovernmental Agreement on Federal Financial Relations (IGA), the Commonwealth supports the states' efforts in delivering services in the major service delivery sectors through National Specific Purpose Payments (SPP). Of the four National SPPs the National Skills and Workforce Development SPP has a direct impact on the TAFE sector.
- 2.13 The states are required to spend each National SPP in the relevant sector. The IGA specifies that each National SPP is ongoing and, from 1 July 2010, is indexed annually by a growth factor specified in the IGA.

### National Agreement for Skills and Workforce Development

- 2.14 The National Agreement for Skills and Workforce Development (NASWD), formulated as part of the IGA, defines the objectives, outcomes, outputs and performance measures and the roles and responsibilities that guide Commonwealth, state and territory governments in the delivery of services in the context of skills and workforce development.
- 2.15 The objective of the Agreement is a VET system that:
- ...delivers a productive and highly skilled workforce and which enables all working age Australians to develop the skills and qualifications needed to participate effectively in the labour market and contribute to Australia's economic future; and supports the achievement of increased rates of workforce participation.<sup>7</sup>
- 2.16 The outcomes that the NASWD seeks to contribute to are:
- the skill levels of the working age population are increased to meet the changing needs of the economy;
  - all working age Australians have the opportunity to develop skills;

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7 COAG, *National Agreement for Skills and Workforce Development*, Clause 18, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

- training delivers the skills and capabilities needed for improved economic participation for working age Australians.<sup>8</sup>

2.17 The Agreement contains outcomes that ‘are ambitious with targets that are long term (out to 2020), national and aspirational.’<sup>9</sup> The targets are to:

  - halve the proportion of Australians nationally aged 20-64 without qualifications at Certificate III level and above between 2009 and 2020;
  - double the number of higher level qualification completions (diploma and advanced diploma) nationally between 2009 and 2020.<sup>10</sup>

2.18 Two National Partnerships support NASWD outcomes – the National Partnership Agreement on Skills Reform, and the National Partnership Agreement on Youth Attainment and Transitions. These are discussed further below.

2.19 Progress against the agreed objectives and outcomes of the NASWD is reported in the annual National Agreement for Skills and Workforce Development performance report, which is discussed in Chapter 3.

### National Partnership Agreement on Skills Reform

- 2.20 The National Partnership Agreement on Skills Reform contains four outcomes, with key concepts bolded:
- **more accessible training** for working age Australians and, in particular, a **more equitable training system**, which provides greater opportunities for participation in education and training;
  - **a more transparent VET sector**, which enables better understanding of the VET activity that is occurring in each jurisdiction;
  - **a higher quality VET sector**, which delivers learning experiences and qualifications that are relevant to individuals, employers and industry; and
  - **a more efficient VET sector**, which is **responsive** to the needs of students, employers and industry.<sup>11</sup>

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8 COAG, *National Agreement for Skills and Workforce Development*, Clause 19, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

9 COAG, *National Agreement for Skills and Workforce Development*, Clause 22, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

10 COAG, *National Agreement for Skills and Workforce Development*, Clause 22, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

2.21 Within the Agreement the Commonwealth agrees to the following roles and responsibilities:

- monitoring and assessing the performance in the delivery of reforms to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe;
- providing a financial contribution and contributing to the achievement of the outcomes of this agreement through Commonwealth Own Purpose programs;
- reviewing operational requirements for income contingent loans (ICLs) to streamline administration requirements, and making necessary changes to legislation, guidelines and administrative processes; and
- leading the development and implementation of key national initiatives, including the national *My Skills* website and the Unique Student Identifier (USI) in VET.<sup>12</sup>

### National Partnership Agreement on Youth Attainment and Transitions

2.22 The National Partnership Agreement on Youth Attainment and Transitions embodies a commitment by state, territory and Commonwealth governments to strengthen the education and skills outcomes of young Australians. As part of the 2013-14 Federal Budget, the agreement has been funded 12 months beyond its initial expiry of 31 December 2013.<sup>13</sup> Its main objectives are to:

- work towards achieving improvements in high level outcomes for schooling agreed by COAG in the National Education Agreement and in the 2008 National Declaration on Educational Goals for Young Australians;
- work towards increasing the qualifications and skill level of the Australian population as agreed by COAG in the National Agreement for Skills and Workforce Development;
- achieve improvements in the numbers of young Australians making successful transitions from schooling into further education, training or employment;
- work collaboratively with the non-government school, training, business and community sectors to improve the support provided to young Australians to increase educational outcomes, attainment and improve transitions to further

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11 COAG, *National Partnership Agreement on Skills Reform*, Clause 21, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_partnership.pdf)> viewed 24 October 2014 (emphasis in original).

12 COAG, *National Partnership Agreement on Skills Reform*, Clause 34, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_partnership.pdf)> viewed 24 October 2014.

13 The Budget, 2013-14, <[http://www.budget.gov.au/2013-14/content/bp2/html/bp2\\_expense-09.htm](http://www.budget.gov.au/2013-14/content/bp2/html/bp2_expense-09.htm)> viewed 24 October 2014.

education, training or employment, with particular focus on 15 to 24 year olds and young people at risk; and

- develop a skilled and work ready Indigenous workforce by increasing the educational attainment and engagement of young Indigenous Australians.<sup>14</sup>

## Commonwealth funding for VET

2.23 The COAG framework provides for agreed funding from the Commonwealth for VET. As noted above, TAFE is not directly funded by the Commonwealth; rather, Commonwealth funding is provided through states and territories.

2.24 From 1 July 2007 to 30 June 2013, the Australian Government provided \$9.3 billion in VET funding to the states and territories for delivery of training, including funds for TAFE and other providers of subsidised training. The 2014–15 Federal Budget estimated the 2013–14 funding at \$1.7 billion.<sup>15</sup>

2.25 All parties to the NASWD have agreed to:

... the quarantining of the National Training System Commonwealth Own Purpose Expenditure (NTS COPE) from the NSPP each year. The amount is specified in the relevant Commonwealth Government Portfolio Budget Statement which in 2011-12 was \$47.201 million, and is indexed annually.<sup>16</sup>

2.26 Under the National Partnership Agreement on Skills Reform '[T]he Commonwealth will provide a total financial contribution to the States of up to \$1.75 billion over the 2012-13 to 2016-17 period'<sup>17</sup> and:

The total financial contribution will be allocated to the States on the basis of population.... 65 per cent of the funding will be provided on the basis of delivery of structural reforms, with the

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14 COAG, *National Partnership Agreement on Youth Attainment and Transitions*, Clause 15, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/youth\\_attainment\\_transitions/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/youth_attainment_transitions/national_partnership.pdf)> viewed 24 October 2014.

15 Australian Government, Department of Industry, *Submission 186.1*, p. 7.

16 COAG, *National Agreement for Skills and Workforce Development*, Clause 15, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

17 COAG, *National Partnership Agreement on Skills Reform*, Clause 44, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_partnership.pdf)> viewed 24 October 2014.

remaining 35 per cent tied to performance in achieving training outcomes.<sup>18</sup>

2.27 Over the life of the National Partnership Agreement on Youth Attainment ‘up to \$623 million will be allocated to drive reform delivering youth careers, transitions and support.’<sup>19</sup>

2.28 The Australian Government Department of Industry noted that funding for VET is provided to the states and territories on an outcomes model:

The current construct under COAG arrangements under the Federal Financial Relations Act is that it is an outcomes driven model. There is agreement reached with states and territories that these are the areas of priorities, these are the areas of reform, here are the performance measures, and that is tracked against that performance. There is some capacity to withhold or require money back, but it has not been exercised. I would have to clarify that one. It is essentially an outcomes based model.<sup>20</sup>

2.29 The Commonwealth also provides funding for Industry Skills Councils (ISCs) which is discussed further below.

## Commonwealth funding for VET students—VET FEE-HELP

2.30 VET FEE-HELP is a Commonwealth Government loan scheme to assist eligible students studying higher level VET qualifications (those at the diploma level and above) with the cost of their tuition fees.<sup>21</sup> VET FEE-HELP can be used to pay all or part of an eligible student’s tuition fees, but cannot be used for additional study costs such as accommodation or text books.<sup>22</sup>

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18 COAG, *National Partnership Agreement on Skills Reform*, Clause 45, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_partnership.pdf)> viewed 24 October 2014.

19 COAG, *National Partnership Agreement on Youth Attainment and Transitions*, Clause 75, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/youth\\_attainment\\_transitions/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/youth_attainment_transitions/national_partnership.pdf)> viewed 24 October 2014.

20 Mr Craig Robertson, Head of Division, Skills Division, Australian Government Department of Industry, *Committee Hansard*, Canberra, 6 June 2014, p. 5.

21 Australian Government, Study Assist, ‘Certificate IV trial’, <<http://studyassist.gov.au/sites/studyassist/helppayingmyfees/vet-fee-help/pages/certificate%20iv%20trial>> viewed 24 October 2014.

22 Australian Government, Study Assist, ‘VET FEE-HELP’, <<http://studyassist.gov.au/sites/studyassist/helppayingmyfees/vet-fee-help/pages/vet-fee-help>> viewed 24 October 2014.

- 2.31 A trial to extend VET FEE-HELP income contingent loans to certain subsidised Certificate IV qualifications commenced on 13 January 2014 and will continue until 31 December 2016.<sup>23</sup>
- 2.32 VET FEE-HELP operates differently across jurisdictions:
- Only Victorian students are able to access the ‘study now and pay later’ arrangements for government subsidised diplomas and advanced diplomas. To date more than 22 000 students in Victoria have taken up these loans to enable them to study.
  - The Commonwealth and South Australian Governments recently announced that South Australian students will have similar access in the near future, subject to the passage of legislation.
  - Students in other parts of Australian can only access income-contingent loans when they enrol in certain full fee paying diploma and advanced diploma courses.<sup>24</sup>

## Regulation and policy

- 2.33 The COAG-related agreements outlined above require agencies to monitor and regulate outcomes. The regulation and governance of individual TAFE institutes is a matter determined by state and territory legislation and is independent of COAG.
- 2.34 The following bodies and policy frameworks operate in areas in which the Commonwealth has involvement. Their work may feed into, and be used by, the Commonwealth and states/territories in relation to the national agreements, but they were not established specifically in support of the agreements.

## Industry and Skills Council Advisory Committee

- 2.35 In April 2014 the National Skills Standards Council (NSSC) was dissolved and its ongoing functions were delegated to industry representatives and

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23 Australian Government, Study Assist, ‘Certificate IV trial’, <<http://studyassist.gov.au/sites/studyassist/helppayingmyfees/vet-fee-help/pages/certificate%20iv%20trial>> viewed 24 October 2014.

24 Australian Government, Department of Prime Minister and Cabinet, ‘Skills for All Australians’ <[http://www.dpmc.gov.au/publications/skills\\_for\\_all\\_australians/chapter4\\_reduced\\_upfront\\_costs\\_for\\_students.html](http://www.dpmc.gov.au/publications/skills_for_all_australians/chapter4_reduced_upfront_costs_for_students.html)> viewed 24 October 2014.

- selected senior officials through the Industry and Skills Council Advisory Committee. The Committee was to commence functions in mid-2014.<sup>25</sup>
- 2.36 The Commonwealth has indicated that it will consult with the states and territories on the composition and role of the new Industry and Skills Council Advisory Committee.<sup>26</sup>
- 2.37 Prior to its dissolution the NSSC's key functions were to:
- Develop and maintain the national standards for regulation of vocational education and training, for approval by SCOTESE.
  - Provide advice to SCOTESE on the development and implementation of the standards applying to vocational education and training.
  - Provide information, through SCOTESE, to the regulators of vocational education and training on the implementation and interpretation of the national standards and on issues of quality standards generally in the vocational education and training sector.
  - Inform the vocational education and training sector on the national standards and any changes to the standards.
  - Advise SCOTESE on the operation of the regulators of vocational education and training.
  - Endorse national Training Packages as prepared by Industry Skills Councils.
  - Approve Tuition Assurance Schemes under the standards for the regulation of VET.<sup>27</sup>
- 2.38 The NSSC also had the following responsibilities:
- developing and maintaining the national standards that regulate the vocational education and training sector for approval by SCOTESE, and advising SCOTESE of any issues relating to the standards and their implementation.
  - providing information to the regulators of vocational education and training, through SCOTESE, on interpreting and implementing the national standards. This supports effective operation and regulation by regulators.
  - providing information to the vocational education and training sector on the national standards and any changes to these standards.

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25 Australian Government, Department of Industry, 'Establishment of the Industry and Skills Council Advisory Committee', <<http://vetreform.industry.gov.au/news/establishment-industry-and-skills-council-advisory-committee>> viewed 24 October 2014.

26 Australian Government, Department of Industry 'Vocational Education and Training Reform', 'Establishment of the Industry and Skills Council Advisory Committee', <<http://vetreform.industry.gov.au/news/establishment-industry-and-skills-council-advisory-committee>> viewed 24 October 2014.

27 National Skills Standards Council (NSSC), 'Functions' <<http://www.nssc.natese.gov.au/about/functions>> viewed 24 October 2014.

- advising SCOTESE on the operation of the regulators of vocational education and training, to ensure the consistency and quality of the implementation of the national standards.
  - endorsing Training Packages for VET providers to use with their students, developing related policy, and overseeing quality assurance activities.
  - Tuition Assurance Schemes under the standards for the regulation of Registered Training Organisations (RTOs). The Australian Student Tuition Assurance Scheme (ASTAS) ensures that any Australian student displaced from a course, due to a provider's inability to continue the course, is relocated efficiently and with minimal disruption to a comparable course with another member or approved provider.<sup>28</sup>
- 2.39 The NSSC maintained operational independence from ASQA and regulators of vocational education and training in non-referring states. This separation of standard-setting from the regulatory function was designed to maximise the independence of the respective bodies, improve probity and minimise conflicts of interest.

## Australian Skills Quality Authority

- 2.40 The National Vocational Education and Training Regulator Act 2011 (Cth) established a national approach to regulation of the VET sector in Australia.<sup>29</sup> As part of this national approach ASQA has responsibility for registering training organisations and accrediting courses. Participating jurisdictions are New South Wales, Queensland, Northern Territory, South Australia, Tasmania and the Australian Capital Territory. Victoria and Western Australia are not participating jurisdictions.<sup>30</sup>
- 2.41 ASQA has jurisdiction over all RTOs, except those operating solely in Victoria and Western Australia that do not offer services to overseas students. These providers are regulated by the Victorian Registration and Qualifications Authority if operating in Victoria and the Training Accreditation Council if operating in Western Australia.
- 2.42 If a training organisation operates (or intends to operate) in a participating jurisdiction, or otherwise qualifies under the national scheme, ASQA is

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28 For more information on the Australian Tuition Assurance Scheme see Australian Council for Private Education and Training 'Services, Australian Tuitions Assurance Scheme' <<http://www.acpet.edu.au/services/astas/>> viewed 24 October 2014.

29 Section 5 of the Act gives a definition of a referring state. See Australian Government, ComLaw, 'National Vocational Education and Training Regulator Act 2011', <<http://www.comlaw.gov.au/Details/C2011A00012>> viewed 24 October 2014.

30 Australian Skills Quality Authority (ASQA), 'Agency Overview, Establishment and Legislation', <<http://www.asqa.gov.au/about/agency-overview/establishment-and-legislation.html>> viewed 24 October 2014.

responsible for that organisation's registration and for accrediting its courses.

- 2.43 ASQA regulates courses and training providers to ensure nationally approved quality standards are met. Its functions include:
- registering training providers as 'registered training organisations';
  - registering organisations as Commonwealth Register of Institutions and Courses for Overseas Students providers – providers that can enrol international students;
  - accrediting VET courses; and
  - ensuring that organisations comply with the conditions and standards for registration, including by carrying out compliance audits.<sup>31</sup>
- 2.44 ASQA indicated that it regulates to a 'risk based model' which means that the Authority:
- ... applies proportionate regulatory intervention based on risk assessment. 'Proportionate' intervention means that regulatory focus is concentrated on providers of concern (those that are not delivering quality training outcomes). Similarly, regulatory interventions are minimised for providers that consistently deliver high-quality training outcomes.<sup>32</sup>

### ASQA's audit processes

- 2.45 One of the most important tools ASQA has as a regulator is its ability to audit. ASQA undertakes two distinct types of audits – registration audits and compliance audits.<sup>33</sup> ASQA stated that its audit process varies depending on the purpose of the audit and the organisation being audited:

The scope and complexity of an audit varies according to its purpose; the risk rating of the organisation; and the training areas in which it operates. For example, an audit associated with a change of scope application from a low risk organisation relating to a low risk training area would not, in most circumstances, involve a wide ranging and complex audit. Whereas, an audit that results from a serious accident for example - such as ASQA's audit

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31 ASQA, 'Functions, Visions and Values', <<http://www.asqa.gov.au/about/agency-overview/functions,-vision-and-values.html>> viewed 24 October 2014.

32 ASQA, 'How does ASQA regulate', <<http://www.asqa.gov.au/about/how-does-asqa-regulate/how-does-asqa-regulate.html>> viewed 24 October 2014. ASQA, *Submission 190*, p. 5.

33 ASQA, 'VET registration, prepare for an audit' <<http://www.asqa.gov.au/vet-registration/prepare-for-an-audit/prepare-for-an-audit1.html>> viewed 24 October 2014.

of TAFE NSW Western Institute following the death of a student - will necessarily be wide ranging and thorough.<sup>34</sup>

- 2.46 Registration audits are conducted to ensure that providers are operating (or will operate) effectively within their scope of registration. Registration audits occur when an organisation applies for initial registration as an RTO; in some cases when an RTO applies to renew its registration; and in some cases when an RTO applies to make changes to the scope of its registration. A registration audit will involve a visit to one or more of an RTO's training delivery sites. Each site visit usually takes between one and two days and may vary according to the size and scope of the provider.<sup>35</sup>
- 2.47 Compliance audits are undertaken to assess providers' ongoing compliance with ASQA's standards. A compliance audit will be conducted if an assessment has determined there is a risk of the provider failing to comply with the relevant standards. Compliance audits are scheduled at ASQA's discretion, with the authority of an ASQA Commissioner. The auditor will discuss with an RTO the most appropriate site/s to visit to conduct the audit. The auditor (or audit team, which may include industry specialists) will examine an RTO's ongoing compliance with the VET Quality Framework. The auditor may also investigate the:
- effectiveness of management systems, delivery strategies and other materials;
  - proposed implementation of delivery strategies meets training package and/or accredited course requirements;
  - suitability of facilities and equipment; and
  - credentials of nominated delivery personnel.<sup>36</sup>

## Review of ASQA

- 2.48 In June 2013 SCOTese commissioned a review of ASQA's current regulatory approach and the efficiency and effectiveness of its operations. The review report, which was released in June 2014, noted that ASQA is a 'relatively new organisation' and that it has:

... a number of proposals in various stages of planning and execution that, when implemented, will support it in enhancing its effectiveness and efficiency.<sup>37</sup>

34 ASQA, *Submission 190*, p. 6.

35 ASQA, 'VET registration, prepare for an audit' <<http://www.asqa.gov.au/vet-registration/prepare-for-an-audit/prepare-for-an-audit1.html>> viewed 24 October 2014.

36 ASQA, 'VET registration, prepare for an audit' <<http://www.asqa.gov.au/vet-registration/prepare-for-an-audit/prepare-for-an-audit1.html>> viewed 24 October 2014.

37 PricewaterhouseCoopers (PwC), *ASQA process review: final report*, PwC, 2013, p. iii, <<http://www.industry.gov.au/skills/RegulationReformsAndInitiatives/RegulationVET/Documents/ASQAProcessReview-FinalReport.pdf>> viewed 24 October 2014.

2.49 The review noted six main themes in relation to ASQA:

1. ASQA's existing ICT systems do not facilitate the more efficient and effective business processes for the future of ASQA as a regulator.
2. ASQA is constrained by a variety of factors in the regulatory architecture. These factors drive some process inefficiencies that impact its timeliness and transparency of operations.
3. ASQA has evolved its risk model, but requires additional data about the sector and ICT capability to deliver further improvement.
4. A lack of coordination in training package updates issued by ISCs creates unnecessary work for Providers and impacts ASQA's operations.
5. A lack of guidance and clarity about the rules for Standards and training packages is creating unnecessary work for ASQA and Providers.
6. Communications with Providers are not fully effective.<sup>38</sup>

2.50 The Australian Government has indicated that it 'will work in partnership with ASQA to further enhance its regulatory operations in response to the process review'.<sup>39</sup> This is supported.

## VET Quality Framework

2.51 The VET Quality Framework is aimed at achieving greater national consistency in the way providers are registered and monitored and in how standards in the VET sector are enforced.<sup>40</sup>

2.52 The VET Quality Framework comprises:

- the Standards for National VET Regulator Registered Training Organisations
- Fit and Proper Person Requirements
- Financial Viability Risk Assessment Requirements
- Data Provision Requirements, and
- the Australian Qualifications Framework.<sup>41</sup>

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38 PwC, *ASQA process review: final report*, PwC, 2013, pp. iv-vi, <<http://www.industry.gov.au/skills/RegulationReformsAndInitiatives/RegulationVET/Documents/ASQAProcessReview-FinalReport.pdf>> viewed 24 October 2014.

39 Australian Government, Department of Industry, 'VET Reform' 'The Australian Skills Quality Authority Review', <<http://www.vetreform.industry.gov.au/publication/australian-skills-quality-authority-process-review>> viewed 24 October 2014.

40 ASQA, 'National VET Regulation', VET Quality Framework, <<http://www.asqa.gov.au/about-asqa/national-vet-regulation/vet-quality-framework.html>> viewed 24 October 2014.

## Australian Qualifications Framework

- 2.53 The Australian Qualifications Framework (AQF) is the national policy for regulated qualifications in Australian education and training. It incorporates the qualifications from each education and training sector into a single comprehensive national qualifications framework.<sup>42</sup>
- 2.54 ASQA and the state government accrediting authorities in Victoria and Western Australia are responsible for accrediting AQF qualifications and for authorising RTOs to issue AQF qualifications for vocational education and training.<sup>43</sup>
- 2.55 Industry Skills Councils are responsible for developing AQF qualifications in national Training Packages for endorsement.<sup>44</sup>

## Governance of the AQF

- 2.56 The AQF is governed by the Australian Government Department of Education in consultation with the Australian Government Department of Industry and the states and territories. The Education Department's role is to monitor and maintain the AQF, support its users and promote the AQF and its role in Australia's education system. Expert consultative bodies are convened as required to advise ministers on any AQF policy matters which arise.<sup>45</sup>
- 2.57 Prior to these arrangements the AQF was governed by the Australian Qualifications Framework Council (AQFC). The AQFC was disbanded in 2014.

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41 ASQA, 'National VET Regulation', VET Quality Framework, <<http://www.asqa.gov.au/about-asqa/national-vet-regulation/vet-quality-framework.html>> viewed 24 October 2014.

42 Australian Qualifications Framework (AQF), *Australian Qualifications Framework 2<sup>nd</sup> Edition*, <<http://www.aqf.edu.au/wp-content/uploads/2013/05/AQF-2nd-Edition-January-2013.pdf>> viewed 24 October 2014.

43 AQF, *Australian Qualifications Framework 2<sup>nd</sup> Edition*, <<http://www.aqf.edu.au/wp-content/uploads/2013/05/AQF-2nd-Edition-January-2013.pdf>> p. 21, viewed 24 October 2014.

44 AQF, *Australian Qualifications Framework 2<sup>nd</sup> Edition*, <<http://www.aqf.edu.au/wp-content/uploads/2013/05/AQF-2nd-Edition-January-2013.pdf>> p. 21, viewed 24 October 2014.

45 AQF, 'AQF Governance', 'Current arrangements' <<http://www.aqf.edu.au/aqf-governance/current-arrangements/>> viewed 24 October 2014.

## Australian Qualifications Framework Council

2.58 The AQFC governed the AQF between 2008 and 2014.<sup>46</sup> The AQFC:

- was a council of the national ministers responsible for tertiary education, training and employment and is established under the authority of national ministers. The AQF Council is also obliged to report to the ministers responsible for school education;
- had authority delegated to it by ministers to monitor and maintain the AQF, support its users, and promote AQF qualifications to the community. It is also responsible for providing strategic and authoritative advice to ministers on the AQF to ensure it is nationally and internationally robust and supports qualification linkages and pathways; and
- comprised 12 members with expertise and experience in the following areas: higher education, vocational education and training, schools, employers, unions and government. Membership includes an independent chair to ensure that its advice benefits Australia's education system as a whole.<sup>47</sup>

## Advice and research

2.59 In addition to the regulatory bodies set out above there are a number of organisations that provide (or provided) advice, information, research and analysis to the Commonwealth and state and territory governments.

## Vocational Education and Training Advisory Board

2.60 As part of the Australian Government's VET reform agenda, in August 2014 the Minister for Industry, the Hon Ian Macfarlane MP announced the appointment of a five-member Minister's Vocational Educational and Training Advisory Board that will provide advice to the Minister for Industry regarding priorities for reforming the vocational education and training sector.<sup>48</sup>

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46 AQF, 'About the AQF Council', <<http://www.aqf.edu.au/council/about/the-aqf-council/>> viewed 13 February 2014.

47 AQF, 'About the AQF Council', <<http://www.aqf.edu.au/council/about/the-aqf-council/>> viewed 13 February 2014.

48 Australian Government, Department of Industry, 'VET Reform' 'Vocational Education and Training Board Established', <<http://www.vetreform.industry.gov.au/news/vocational-education-and-training-advisory-board-established>> viewed 24 October 2014.

## Australian Workforce and Productivity Agency

- 2.61 The Australian Workforce and Productivity Agency (AWPA), established in July 2012 under the Australian Workforce and Productivity Agency Act 2008 (Cth), was an independent statutory body which provided advice to the Federal Minister for Industry on Australia's current, emerging and future skills and workforce development needs. The Australian Workforce and Productivity Agency Act 2008 expanded the roles and functions of AWPA's predecessor, Skills Australia.<sup>49</sup>
- 2.62 As of 1 July 2014 the functions of AWPA were transferred to the Australian Government Department of Industry.<sup>50</sup>
- 2.63 AWPA provided advice on a broad range of areas that affect the demand, supply and use of skills. The agency also provided strategic advice and recommended priorities for the Australian Government's National Workforce Development Fund.
- 2.64 AWPA engaged directly with industry on workforce development issues and addressed sectoral and regional industry needs. Specifically, it:
- administered the Australian Government's National Workforce Development Fund;
  - conducted skills and workforce research, including into the quality of jobs and future working life in Australia;
  - drove engagement between industry, training providers and government on workforce development, apprenticeships and VET reform;
  - developed and monitored sectoral skills and workforce development plans in conjunction with Industry Skills Councils and industry
  - provided independent advice on sectoral and regional skills needs to support workforce planning and productivity, including in small business; and
  - promoted workforce productivity by leading initiatives for the improvement of productivity, management, innovation and skills utilisation within Australian workplaces.<sup>51</sup>

## National Centre for Vocational Education Research

- 2.65 The National Centre for Vocational Education Research (NCVER) is a not-for-profit company owned by the Commonwealth, state and territory ministers responsible for VET.

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49 Australian Government, Australian Workforce and Productivity Agency (AWPA), 'About us', <<http://www.awpa.gov.au/about-us/Pages/default.aspx>> viewed 24 October 2014.

50 AWPA, 'Home' <<http://www.awpa.gov.au/Pages/default.aspx>> viewed 24 October 2014.

51 AWPA, 'About us', <<http://www.awpa.gov.au/about-us/Pages/default.aspx>> viewed 24 October 2014.

- 2.66 NCVER is an independent body responsible for collecting, managing, analysing, evaluating and communicating research and statistics about VET nationally. It does not have the standard setting and advising functions of the NSSC and its successor.
- 2.67 NCVER's areas of activity are:
- Undertaking a strategic program of education and training research, including the management of national competitive grants programs and the analytical program of the Longitudinal Surveys of Australian Youth, and collecting and analysing national VET statistics and survey data.
  - Collecting and publishing research findings on VET and higher education from across the world through the VOCED plus research database.
  - Disseminating the results of research and data analysis.
  - Building links with similar international organisations to foster comparative analysis and collaborate on issues of mutual interest.
  - Undertaking commercial consultancies.<sup>52</sup>

## Unique Student Identifier

- 2.68 The Unique Student Identifier (USI) scheme is an initiative of COAG designed to enable the tracking of a student's pathway through nationally recognised VET Institutes. The USI will allow an authenticated transcript of a student's VET pathway to be issued for confirmation of prior learning and prerequisite work – information which is currently not readily available across VET Institutes.
- 2.69 Additionally, the USI will be valuable to research bodies, such as NCVER, in enabling accurate statistical gathering and in assisting policy makers to assess the performance of the VET system. The Explanatory Memorandum to the Student Identifiers Bill 2014 states that:

The student identifier scheme is designed to improve the transparency and responsiveness of the VET sector in a number of ways. Currently, there is no single repository of records of VET student enrolments and achievements. This means that individuals cannot access a consolidated electronic record of VET attainments over their lifetime and, in turn, registered training organisations (RTOs) may be unable to readily confirm students' pre-requisite course work or properly assess their prior learning.

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52 National Centre for Vocational Education and Research, 'About us', <<http://www.ncver.edu.au>> viewed 11 February 2014.

This also affects the capacity of state, territory and Commonwealth policy makers to assess how the VET system is performing and to administer government student subsidy programs. The introduction of a student identifier will rectify each of these issues.<sup>53</sup>

- 2.70 The *Student Identifiers Act 2014* is due to be implemented by the Australian Government Department of Industry on 1 January 2015.<sup>54</sup>

## National VET Equity Advisory Council

- 2.71 The National VET Equity Advisory Council (NVEAC) was established in 2008–09 under SCOTese to improve training and employment outcomes for those at risk of disadvantage in the national training system, by providing leadership for cultural and systemic change in VET. NVEAC provided independent advice to SCOTese on how disadvantaged learners can achieve better outcomes from VET. NVEAC's establishment and role was not related to the NASWD, however those charged with upholding the NASWD could seek advice from the NVEAC.<sup>55</sup> At the inaugural meeting of the COAG Industry and Skills Council in April 2014 it was agreed that the NVEAC, as a committee established under the SCOTese, would be dissolved.
- 2.72 NVEAC comprised a chair, ten expert members and a member who was appointed as a representative of the National Senior Officials Committee.<sup>56</sup>
- 2.73 The role of NVEAC was to provide independent advice to ministers on how people at risk of disadvantage can achieve better outcomes from VET, to ensure all learners can achieve their potential as part of mainstream training and through linkages and pathways to higher education.<sup>57</sup>

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53 The Parliament of the Commonwealth of Australia, House of Representatives, 'Student Identifiers Bill 2014, Explanatory Memorandum', <[http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r5215\\_ems\\_51b81ea3-7c62-409f-aeb0-443e9ba24f14/upload\\_pdf/392508.pdf;fileType=application%2Fpdf](http://parlinfo.aph.gov.au/parlInfo/download/legislation/ems/r5215_ems_51b81ea3-7c62-409f-aeb0-443e9ba24f14/upload_pdf/392508.pdf;fileType=application%2Fpdf)> viewed 24 October 2014.

54 Australian Government, Department of Industry, 'Unique Student Identifier (USI) initiative for VET', <<http://www.industry.gov.au/skills/regulationreformsandinitiatives/uniquestudentidentifierforvet/Pages/default.aspx>> viewed 22 August 2014.

55 National VET Equity Advisory Council (NVEAC), 'NVEAC Charter' <[http://www.nveac.natese.gov.au/home/nveac\\_charter](http://www.nveac.natese.gov.au/home/nveac_charter)> viewed 24 October 2014.

56 NVEAC, 'NVEAC Charter' <[http://www.nveac.natese.gov.au/home/nveac\\_charter](http://www.nveac.natese.gov.au/home/nveac_charter)> viewed 24 October 2014.

57 NVEAC, 'NVEAC Charter' <[http://www.nveac.natese.gov.au/home/nveac\\_charter](http://www.nveac.natese.gov.au/home/nveac_charter)> viewed 24 October 2014.

- 2.74 The key functions of NVEAC were to:
- Undertake specific activities as directed by SCOTese and report recommendations directly to Ministers.
  - Provide advice for Ministers based on an annual work plan, developed in consultation with the National Senior Officials Committee and approved by SCOTese.
  - Act as the key expert advisory body to SCOTese Access and Participation Principal Committee (APPC), with the APPC seeking advice from NVEAC as required.<sup>58</sup>

## Industry Skills Councils and national Training Packages

### Industry Skills Councils

- 2.75 The Australian Government funds 12 independent not-for-profit Australian public companies known as ISCs under a core Funding Agreement.<sup>59</sup>
- 2.76 The competitiveness and productivity of organisations is highly dependent on access to required skills. The mandate of Australia's ISCs is to bring together industry, educators and governments and unite them on a common industry-led agenda for action on skills and workforce development.
- 2.77 The ISCs are:
- recognised and funded by the Australian Government
  - governed by independent, industry led boards; and
  - not-for-profit companies limited by guarantee.
- 2.78 Currently the 11 ISCs are:
- AgriFood Skills Australia;
  - Community Services and Health;
  - Construction and Property Services;
  - Energy Skills Australia;
  - ForestWorks;
  - Government Skills Australia;
  - Innovation and Business Skills Australia;
  - Manufacturing Skills Australia;

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58 NVEAC, 'NVEAC Charter' <[http://www.nveac.natese.gov.au/home/nveac\\_charter](http://www.nveac.natese.gov.au/home/nveac_charter)> viewed 11 February 2014. For the history and background of NVEAC see <<http://www.nveac.natese.gov.au/history/background>> viewed 24 October 2014.

59 Australian Government, Department of Industry, *Submission 186.1*, p. 9.

- Service Skills Australia;
  - Skills Drilling, Mining, Civil Infrastructure Australia; and
  - Transport and Logistics.
- 2.79 In addition to these ISCs, Auto Skills Australia is the body responsible for the development and maintenance of nationally-accredited automotive training qualifications in Australia.<sup>60</sup>
- 2.80 The formal roles of ISCs involve:
- Providing integrated industry intelligence and advice to the Australian Workforce and Productivity Agency, government and enterprises on workforce development and skills needs.
  - Actively supporting the development, implementation and continuous improvement of high quality training and workforce development products and services, including national Training Packages.
  - Providing independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions; and working with enterprises, employment service providers, RTOs and government to allocate training places under the Enterprise Based Productivity Places Program.
  - Engaging with state and territory governments, state and territory industry advisory bodies and peak representative bodies in their area of industry coverage.
- 2.81 In September 2014 the Minister for Industry, the Hon Ian Macfarlane MP, announced the government's intention to 'move to a more contestable model for the development and maintenance of training packages'. The Minister indicated that:
- ... the current ISCs are welcome to tender under this new model along with new groups.<sup>61</sup>
- 2.82 A total of \$239.6 million has been spent on ISCs by the Australian Government between 2007–08 and 2013–14 (see Table 2.1).<sup>62</sup>

60 Industry Skills Councils (ISC), 'About us', <<http://www.isc.org.au/about.php>> viewed 24 October 2014.

61 The Hon Ian Macfarlane, *Address to the National VET Conference*, Brisbane, Queensland, 11 September 2014, <<http://minister.industry.gov.au/ministers/macfarlane/speeches/address-national-vet-conference-0>> viewed 24 October 2014.

62 Australian Government, Department of Industry, *Submission 186.1*, p. 9.

Table 2.1 Australian Government Funding to Industry Skills Councils – 2007-08 – 2013-14

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	Total
Core Funding Agreement (\$m)	7.369 <sup>63</sup>	33.463	35.533	39.539	41.254	41.254	41.254	239.666

Source: Australian Government Department of Industry, *Submission 186.1*, p. 9.

## AgriFood Skills Australia

2.83 Led by industry and funded by government, AgriFood Skills Australia is charged with driving the skills and workforce development agenda across five main sectors:<sup>64</sup>

- rural and related industries (including agriculture, horticulture, conservation and land management, animal care and management);
- food, beverage and pharmaceutical processing;
- meat;
- seafood; and
- racing (greyhound, thoroughbred and harness).

2.84 AgriFood Skills Australia develops and implements workforce development strategies and industry's nationally-endorsed qualifications to meet current and emerging needs of agrifood enterprises, employees and students throughout regional and urban Australia. It works with stakeholders at all levels.

## Auto Skills Australia

2.85 Auto Skills Australia (ASA) is the body responsible for the development and maintenance of nationally-accredited automotive training qualifications in Australia. ASA carries out the same role as an ISC.<sup>65</sup>

2.86 ASA is directly funded by the Australian Government Department of Industry and has a key focus on developing the skills capacity in the automotive industry. ASA works with industry bodies, unions and enterprises to ensure that workforce development plans equip automotive businesses with required skills. The core functions of ASA are:

- actively supporting the development and continuous improvement of high-quality training material, including national qualifications, industry competency standards and Training Packages;

63 Note: records for 2007-08 funding are incomplete as some information has been archived by a separate Department.

64 AgriFood Skills Australia, <<http://www.agrifoodskills.net.au/>> viewed 24 October 2014.

65 Auto Skills Australia, 'About' <<http://www.autoskillsaustralia.com.au/about/>> viewed 24 October 2014.

- engaging in workforce development activities and services for industry; and
  - providing accurate industry intelligence to the vocational education and training sector on current and future skill needs and training requirements.
- 2.87 ASA also plays a role in advising government on emerging skill and labour needs facing the industry.

### Community Services and Health

- 2.88 The Community Services and Health Industry Skills Council (CS&HISC) provides the direction for workforce development for Australia's Community Services and Health industries.
- 2.89 CS&HISC seeks to drive this development by:
- providing advice and intelligence;
  - developing skills;
  - supporting growth; and
  - working in collaboration.
- 2.90 CS&HISC shares industry information it gathers with governments and government agencies, employers, unions, trainers, workers and potential workers so that decisions affecting relevant industries support workforce development and growth and reflect client needs.
- 2.91 CS&HISC has developed 160 qualifications, 1 198 competencies and 80 skill sets that form the national VET standards for community services and health. These standards form the Community Services Training Package and the Health Training Package, and are used to ensure consistency and quality in training, and support workforce development.<sup>66</sup>

### Construction and Property Services

- 2.92 The Construction and Property Services Industry Skills Council (CPSISC) represents the workforce training and skills development needs of the construction and property services industries. More than 1.8 million Australians work in over 526 000 enterprises within the sector.
- 2.93 CPSISC develops, manages and distributes nationally-recognised Training Packages and associated training and assessment materials.<sup>67</sup>

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66 Community Services and Health Industry Skills Council, 'About us', <<http://www.cshisc.com.au/about-us/>> viewed 24 October 2014.

67 Construction and Property Services Industry Skills Council, <<http://www.cpsisc.com.au/>> viewed 24 October 2014.

## E-Oz Energy Skills Australia

- 2.94 E-Oz Energy Skills Australia (formerly EE-Oz Training Standards) is the Government's declared ISC for the energy sector trades. E-Oz was established in 1995 to develop training standards for the industries under its coverage, including;
- Electrotechnology;
  - Electricity distribution, transmission and rail;
  - Electricity generation; and
  - Gas Transmission.<sup>68</sup>
- 2.95 E-Oz Energy Skills Australia's primary aims and objectives are to:
- Identify and advise Government, government agencies and instrumentalities, training providers, industry training practitioners and other related organisations on training priorities and skills formation changes and needs for the industry.
  - Develop, in consultation with industry, National Qualifications and Competency Standards (national Training Packages) for the industry sectors covered by E-Oz Energy Skills Australia.
  - Facilitate and promote the relevant, effective and timely training within the Electricity, Gas and Electrotechnology Industries.<sup>69</sup>

## ForestWorks

- 2.96 ForestWorks ISC is the Industry Skills Council for the forest, wood, paper and timber products industry.
- 2.97 ForestWorks ISC provides:
- training Packages and support materials;
  - workforce development activities;
  - networks and partnerships, connecting industry and government;
  - industry intelligence and advice;
  - support for the national training system; and
  - governance and business arrangements.<sup>70</sup>

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68 E-Oz Energy Skills Australia, 'About us', <<http://www.ee-oz.com.au/index.php/about-us>> viewed 24 October 2014.

69 E-Oz Energy Skills Australia, 'About us', <<http://www.ee-oz.com.au/index.php/about-us>> viewed 24 October 2014.

70 ForestWorks Industry Skills Council, 'About', <<http://www.forestworks.com.au/about/forestworks-isc>> viewed 24 October 2014.

## Government Skills Australia

- 2.98 Government Skills Australia (GSA) is a national ISC for the government and community safety sectors representing the VET and workforce interests of Correctional Services, Local Government, Public Safety, Public Sector and Water.
- 2.99 GSA provides industry intelligence on skill needs and training solutions to the Australian Government to develop a skilled workforce. GSA services industry through the provision of training products and qualifications, workforce development and career advice.
- 2.100 GSA covers:
- Commonwealth, state and territory governments;
  - Local government;
  - Defence, Fire, Police, emergency services and management and marine rescue;
  - Correctional services – custodial, community and rehabilitation services; and
  - Water – catchment, distribution and treatment.<sup>71</sup>

## Innovation and Business Skills Australia

- 2.101 Innovation and Business Skills Australia (IBSA) is an official voice on vocational education and training across six industries:
- Business services
  - Cultural & related industries
  - Financial services
  - ICT & telecommunications
  - Training & education; and
  - Printing & graphic arts.<sup>72</sup>
- 2.102 IBSA delivers:
- Nationally-endorsed qualifications and skill sets
  - Intermediary services for workforce skilling
  - Skilling solutions to boost capability, productivity and profitability
  - Advice and information to government and industry
  - Support resources for trainers and students; and
  - Networking opportunities and workshops to enhance professional practice.<sup>73</sup>

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71 Government Skills Australia, < <http://governmentskills.com.au/>> viewed 24 October 2014.

72 Innovation and Business Skills Australia (IBSA), 'About', < <https://www.ibsa.org.au/about>> viewed 24 October 2014.

- 2.103 IBSA provides training products, tools, learning guides and resources designed to boost the skills and productivity of the workforce, including Training Packages with contemporary industry qualifications and skills sets.

## Manufacturing Skills Australia

- 2.104 Manufacturing Skills Australia (MSA) is the national body responsible for ensuring that manufacturing enterprises have the workforce skills required for competitiveness. MSA works with enterprises, employer and industry associations, trade unions and industry advisory bodies to identify what skills are needed and how these can most effectively be implemented in industry.

- 2.105 MSA:

- Develops and maintains national, industry-endorsed Training Packages to establish skill standards and provide a framework for skills development;
- Supports the implementation of training through advice and resources, workforce development support and brokerage of Australian Government-funded programs;
- Provides leadership to support economic and environmental sustainability; and
- Provides government with industry intelligence to inform the development of policies and programs aimed at workforce development.<sup>74</sup>

- 2.106 MSA addresses the skill needs of over 250 000 manufacturing and related enterprises and around one million Australians who are employed using manufacturing skills. MSA works across most manufacturing sectors, including:

- aerospace
- furnishing
- laboratory operations
- metal, engineering and boating
- process manufacturing, including chemicals, hydrocarbons, mineral products, plastics, rubber and cabling
- recreational vehicles; and
- textiles, clothing and footwear.<sup>75</sup>

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73 IBSA, 'What IBSA does', <<https://www.ibsa.org.au/what-ibsa-does>> viewed 24 October 2014.

74 Manufacturing Skills Australia, 'About us', <<http://www.mskills.com.au/info/about-us>> viewed 24 October 2014.

75 Manufacturing Skills Australia, 'About us', <<http://www.mskills.com.au/info/about-us>> viewed 24 October 2014.

## Service Skills Australia

2.107 Service Skills Australia (SSA) represents a range of industry sectors, including retail and wholesale, sport, fitness, community recreation, outdoor recreation, travel, tours, meetings and events, accommodation, restaurants and catering, caravans, hairdressing, beauty, floristry, community pharmacy and funeral services.

2.108 SSA is funded by the Australian Government to:

- Provide industry intelligence and advice to the Australian Workforce and Productivity Agency, government and enterprises on workforce development and skills needs;
- Support the development, implementation and continuous Improvement of high quality training and workforce development products and services, including Training Packages (SSA currently manages a total of 10 Training Packages);
- Provide independent skills and training advice to enterprises, including matching identified training needs with appropriate training solutions; and
- Work with enterprises, employment service providers, training providers and government to allocate training places.<sup>76</sup>

2.109 SSA's objectives are:

- The development of a culture within the service industries which promotes and enhances the skills development of its workforce.
- The implementation of policies, programs and services that support industry needs and priorities in relation to skills and workforce development.
- The achievement of quality skills outcomes throughout the service industries.
- The collection and dissemination of quality workforce development information and industry intelligence on skills and labour issues.<sup>77</sup>

## Skills Drilling, Mining, Quarrying and Civil Infrastructure Australia

2.110 Skills Drilling, Mining, Quarrying and Civil Infrastructure Australia (SkillsDMC) is recognised by industry and the Australian Government as the advisory body providing consultancy services and advocacy on the skills and workforce development needs of the resources and infrastructure industry. Its goal is to help improve industry production by

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76 Service Skills Australia, 'About Service Skills Australia', <<http://www.serviceskills.com.au/about-service-skills-australia>> viewed 24 October 2014.

77 Service Skills Australia, 'About Service Skills Australia', <<http://www.serviceskills.com.au/about-service-skills-australia>> viewed 24 October 2014.

achieving a sustainable, competent workforce that operates in a 'zero harm' environment.

- 2.111 In partnership with the Australian Government, SkillsDMC engages directly with industry leadership to define industry skill specifications, provide best practice workforce planning and development solutions, and facilitate access to skills investment programs.
- 2.112 Under an arrangement with the Australian Government, SkillsDMC is responsible for facilitating the skilling needs of industry stakeholders. SkillsDMC also works closely with the resources and infrastructure industry, governments, employer and employee bodies and communities, as well as training organisations and industry and training regulators to strive for quality, and for industry-led vocational education and training arrangements within the national training system.
- 2.113 SkillsDMC is also responsible for the development of the Australian Resources and Infrastructure Industry Training Package (Skills Competency Recognition Framework).<sup>78</sup>

## Transport and Logistics

- 2.114 The Transport and Logistics Industry Skills Council Ltd is chartered with driving the skills and workforce development agenda across the entire transport and logistics industry which encompasses activities in road transport, warehousing, rail, aviation, maritime, logistics and ports.<sup>79</sup>

## National Training Packages

- 2.115 National Training Packages are prepared by the ISCs and specify the skills and knowledge required to perform effectively in the workplace. Training Packages are not curriculum, and they do not prescribe how an individual should be trained. RTOs use Training Packages as the basis for developing learning strategies to support individual learners' needs, abilities and circumstances. It is estimated that Training Packages cover around 85 per cent of Australian occupations.<sup>80</sup>

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78 Skills Drilling, Mining, Quarrying and Civil Infrastructure Australia, 'About us', <[http://www.skillsdmc.com.au/about\\_us](http://www.skillsdmc.com.au/about_us)> viewed 24 October 2014.

79 Transport and Logistics Industry Skills Council, <<http://tlisc.org.au/tlisc/>> viewed 24 October 2014.

80 ISC, *Shared responsibilities, shared solutions: Analysis of the Training Package Continuous Improvement Process for the Industry Skills Councils Forum*, p. 9-10, <<http://www.isc.org.au/pdf/Training%20Package%20Continuous%20Improvement%20-%20FINAL%20REPORT.pdf>> viewed 24 October 2014.

2.116 Each national Training Package is made up of the following:

- Nationally-endorsed components:
  - ⇒ *Units of competency*: the specifications of knowledge and skills required to perform in the workplace.
  - ⇒ *Qualifications*: created by packaging units of competency into meaningful groups to make up a nationally-recognised qualification.
  - ⇒ *Assessment requirements*: these specify the evidence and required conditions for assessing competency in the specified industry, industry sector or enterprise.
  - ⇒ *Credit arrangements*: between Training Package qualifications and Higher Education qualifications.
- One or more quality assured *Companion Volumes*. These implementation guides are mandatory and must be submitted with the Training Package Case for Endorsement.<sup>81</sup>

2.117 Training Packages are used in many contexts across the Australian economy as part of an integrated approach to skills development and workforce planning. Training Packages:

- provide the standards and qualification structures against which RTOs train and formally assess skills of individuals.
- are utilised in licensing, regulation and certification, and in the development of industrial awards.
- are integrated into enterprise workforce development strategies and provide a structured framework for job design, recruitment, work organisation and skills audits, up-skilling and performance management in the workplace.
- are leveraged by governments to give effect to specific policy imperatives or skill needs in the economy and to drive economic and social reform, for example, building drought preparedness.
- allow industry to benchmark against national and international industry best practice.
- provide a framework for career progression and support pathways into further education through VET in Schools programs and articulation, apprenticeships and traineeships and on-the-job training.
- support national and international recognition of skills, portability of qualifications, and provide benchmarks for recognising informal learning and experience.<sup>82</sup>

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81 ISC, *Shared responsibilities, shared solutions: Analysis of the Training Package Continuous Improvement Process for the Industry Skills Councils Forum*, p. 9, <http://www.isc.org.au/pdf/Training%20Package%20Continuous%20Improvement%20-%20FINAL%20REPORT.pdf> viewed 24 October 2014.

- 2.118 In March 2014 there were 72 Training Packages; 1 682 Qualifications; and 17 907 Units of Competency.

## Standards for Training Packages

- 2.119 Standards for national Training Packages, set by the then NSSC, were endorsed by SCOTese on 16 November 2012. The Standards replace the Training Package Development Handbook (TPDH), with all Training Packages to be reviewed and developed to meet the Standards by 31 December 2015.<sup>83</sup>
- 2.120 During the transition period from the TPDH to the Standards the previous NSSC accepted Training Package Cases for Endorsement from Training Package developers that met the Standards or the TPDH until 31 December 2013. After 1 January 2014 the NSSC only accepted Training Package Cases for Endorsement where the proposed components met the Standards.
- 2.121 Arrangements following the dissolution of the NSSC are as follows:
- Industry Skills Councils are able to submit Training Package cases for endorsement to the Commonwealth Department of Industry where there is a government or regulatory imperative in accordance with the out-of-session endorsement process outlined in the Standards for Training Packages.
- Urgent Training Package endorsements will be dealt with by the Secretaries of departments, with Secretaries to consult with industry and advise the Chair of the COAG Industry and Skills Council of any matters being considered.<sup>84</sup>

## Review of training packages and accredited courses

- 2.122 On 11 September 2014 the Minister for Industry, the Hon Ian Macfarlane MP, announced a full review of training products in the VET system. The review is expected to examine whether training packages and accredited courses, as they are currently designed, are still fit for purpose. It is anticipated that the review will consider:

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82 ISC, *Shared responsibilities, shared solutions: Analysis of the Training Package Continuous Improvement Process for the Industry Skills Councils Forum*, p. 9-10, <<http://www.isc.org.au/pdf/Training%20Package%20Continuous%20Improvement%20-%20FINAL%20REPORT.pdf>> viewed 24 October 2014.

83 NSSC, 'Meeting the AQF in the Standards for Training Packages: and Explanation of requirements for NSSC endorsement', <[http://www.nssc.natese.gov.au/training\\_packages/standards\\_and\\_policies/explanation\\_of\\_requirements/meeting\\_the\\_aqf](http://www.nssc.natese.gov.au/training_packages/standards_and_policies/explanation_of_requirements/meeting_the_aqf)> viewed 24 October 2014.

84 NSSC, 'Training Packages', <[http://www.nssc.natese.gov.au/training\\_packages](http://www.nssc.natese.gov.au/training_packages)> viewed 24 October 2014.

- how training packages and accredited courses can better support delivery and assessment practices;
- how training packages and accredited courses can better adapt to rapid technological change;
- how the specific or local needs of employers can be better addressed, noting that training packages are a nationally agreed standard; and
- whether a one-size-fits-all approach should continue – is the same level of regulation required to assure quality across all occupations and all certificate levels.<sup>85</sup>

## Standards for Training Packages and the AQF

2.123 The AQF identifies that:

- the NSSC was the accrediting authority responsible for the endorsement of AQF qualifications in national Training Packages for vocational education and training; and
- ISCs are developers of vocational education and training AQF qualifications in national Training Packages for endorsement.<sup>86</sup>

## Quality assurance of Training Packages and AQF compliance

2.124 ISCs are responsible for the quality and quality assurance of national Training Packages. Before submission for endorsement consideration, an assessment of the evidence of compliance (the Quality Report) against all 12 standards of the Standards for Training Packages is undertaken by a member of the Training Package Quality Assurance Panel as part of the development process. In order to meet *Standard 8* of the Standards for Training Packages, ISCs need to demonstrate compliance against the AQF specifications for qualification types.<sup>87</sup>

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85 Australian Government, Department of Industry, 'VET Reform', 'Progress to date' <<http://www.vetreform.industry.gov.au/progress-date#new>> viewed 26 September 2014.

86 NSSC, 'Meeting the AQF in the Standards for Training Packages: an explanation of requirements for NSSC endorsement' <[http://www.nssc.natese.gov.au/training\\_packages/standards\\_and\\_policies/explanation\\_of\\_requirements/meeting\\_the\\_aqf](http://www.nssc.natese.gov.au/training_packages/standards_and_policies/explanation_of_requirements/meeting_the_aqf)> viewed 24 October 2014.

87 NSSC, 'Meeting the AQF in the Standards for Training Packages: an explanation of requirements for NSSC endorsement' <[http://www.nssc.natese.gov.au/training\\_packages/standards\\_and\\_policies/explanation\\_of\\_requirements/meeting\\_the\\_aqf](http://www.nssc.natese.gov.au/training_packages/standards_and_policies/explanation_of_requirements/meeting_the_aqf)> viewed 24 October 2014.

- 2.125 The primary evidence for ISCs to demonstrate compliance against the AQF is documented justification as to how the proposed qualification structure meets the AQF specifications for that qualification type.<sup>88</sup>

#### Volume of learning

- 2.126 Demonstration of compliance against the AQF specifications for qualification types includes validating that the volume of learning is sufficient.

- 2.127 Volume of learning is explained as:

The volume of learning is a dimension of the complexity of a qualification. It is used with the level criteria and qualification type descriptor to determine the depth and breadth of the learning outcomes of a qualification. The volume of learning identifies the notional duration of all activities required for the achievement of the learning outcomes specified for a particular AQF qualification type. It is expressed in equivalent full-time years.<sup>89</sup>

- 2.128 While acknowledging flexibility in its application, the AQF asserts that those developing and/or accrediting qualifications should be able to provide a pedagogical rationale to justify a decision about the volume of learning. The volume of learning allocated to a qualification should include all teaching, learning and assessment activities that are required to be undertaken by the typical student to achieve the learning outcomes. This is usually measured in equivalent full time years and the generally accepted length of a full time year, used for educational participation, is 1 200 hours.<sup>90</sup>

- 2.129 In this context, and consistent with the AQF, evidence of validation against sufficient volume of learning for qualification types may include a range of approaches, for example the following:

- Allocation of measures that express an aspect of volume of learning to units of competency used to construct the qualification. The summation of measures allocated to units can then be used as a source of validation of the volume of learning range for the qualification.

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88 NSSC, 'Meeting the AQF in the Standards for Training Packages: an explanation of requirements for NSSC endorsement' <[http://www.nssc.natese.gov.au/training\\_packages/standards\\_and\\_policies/explanation\\_of\\_requirements/meeting\\_the\\_aqf](http://www.nssc.natese.gov.au/training_packages/standards_and_policies/explanation_of_requirements/meeting_the_aqf)> viewed 24 October 2014.

89 AQF, *Volume of Learning: An Explanation*, <<http://www.aqf.edu.au/wp-content/uploads/2013/06/Volume-of-Learning-Explanation.pdf>> viewed 24 October 2014.

90 AQF, *Volume of Learning: An Explanation*, <<http://www.aqf.edu.au/wp-content/uploads/2013/06/Volume-of-Learning-Explanation.pdf>> viewed 24 October 2014.

- Taking into account all aspects of the learning and assessment required to complete the qualification, calculate the overall volume of learning for the qualification verified through the Training Package development and endorsement process.<sup>91</sup>

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91 AQF, *Volume of Learning: An Explanation*, <<http://www.aqf.edu.au/wp-content/uploads/2013/06/Volume-of-Learning-Explanation.pdf>> viewed 24 October 2014.

## The development of skills in the Australian economy

### The National Agreement for Skills and Workforce Development framework

- 3.1 As noted in Chapter 2, the National Agreement for Skills and Workforce Development (NASWD) defines the objectives, outcomes, outputs and performance measures, and the roles and responsibilities that guide Commonwealth, state and territory governments in the delivery of services across the skills and workforce development sector. The NASWD and its associated Partnership Agreements constitute an overarching framework for Commonwealth and state/territory government involvement in skills and workforce development.
- 3.1 The NASWD 'recognises the interest of all Governments in ensuring the skills of the Australian people are developed and utilised in the economy'. NASWD signatory governments agree that 'this includes the need for reform of the national training system to ensure it delivers the high quality, responsive, equitable and efficient training and training outcomes needed'.<sup>1</sup>
- 3.2 A central objective of the NASWD is the delivery of a 'highly skilled workforce'.<sup>2</sup> Clause 10 of the NASWD states that Parties to the Agreement commit to reforms that aim to create:

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1 Council of Australian Governments (COAG), *National Agreement for Skills and Workforce Development*, Clause 2, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

2 COAG, *National Agreement for Skills and Workforce Development*, Clause 18, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

a. A national training system, accessible to all working age Australians, that provides them with the opportunity to develop the skills and qualifications needed to participate effectively in the labour market.

f. An efficient national training system, where government efforts appropriately respond to areas of future jobs growth and support the skills needs of Australian industry.

g. A national training system that works with Australian businesses and industries to develop, harness and use the skills and abilities of the workforce.<sup>3</sup>

3.3 Clause 19 states that the NASWD will contribute to the following three outcomes:

- the skill levels of the working age population are increased to meet the changing needs of the economy (Outcome 1);
- all working age Australians have the opportunity to develop skills (Outcome 2); and
- training delivers the skills and capabilities needed for improved economic participation for working age Australians (Outcome 3).

3.4 Clause 20 provides that the progress of the outcomes will be demonstrated by:

- Outcome 1:
  - ⇒ a. Proportion of working age population (WAP) with higher level qualifications (Certificate III and above).
  - ⇒ b. Proportion of employers satisfied that training meets their needs.
- Outcome 2:
  - ⇒ a. Proportion of WAP with adequate foundation skills (literacy level 3 or above).
  - ⇒ b. Proportion of WAP with or working towards a non-school AQF qualification.
- Outcome 3:
  - ⇒ a. Proportion of VET graduates with improved employment status after training.
  - ⇒ b. Proportion of VET graduates with improved education/training status after training.<sup>4</sup>

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3 COAG, *National Agreement for Skills and Workforce Development*, Clause 10, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

4 COAG, *National Agreement for Skills and Workforce Development*, Clause 20, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

3.5 Importantly, the NASWD also lists a variety of reform directions in clause 25. These are:

- improve training accessibility, affordability and depth of skills, including through the introduction of a national training entitlement and increased availability of income contingent loans (ICLs);
- improve training participation and qualification completions, including at higher levels and by those who may be experiencing disengagement or disadvantage;
- encourage responsiveness in training arrangements by facilitating the operation of a more open and competitive training market;
- enable public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities;
- strengthen the capacity of public and private providers and businesses to deliver training and support people in training;
- strengthen, streamline and harmonise the Australian Apprenticeships system;
- assure the quality of training delivery and outcomes, with an emphasis on measures that give industry more confidence in the standards of training delivery and assessment;
- provide greater transparency through better information to ensure consumers (students and employers) can make informed choices, governments can exercise accountability and policy-makers and regulators can understand and respond to emerging issues;
- increase industry's engagement with the Vocational Education and Training (VET) sector to ensure training outcomes are high quality and relevant to the needs of employers to improve skills utilisation and workforce development; and
- facilitate more interconnected tertiary and training sectors that cross boundaries between school, adult, vocational and higher education, with better links between employment services and training provision in order to improve labour market outcomes.<sup>5</sup>

3.6 The NASWD sets out different roles for the Commonwealth, states and territories. Under clause 26 the Commonwealth's role is to provide funding, support, coordination and data as follows:

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5 COAG, *National Agreement for Skills and Workforce Development*, Clause 25, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

The Commonwealth will:

- a. provide funding contributions to States and Territories to support their training systems;
- b. provide specific interventions and assistance to support:
  1. industry investment in training;
  2. Australian Apprenticeships;
  3. literacy and numeracy; and
  4. those seeking to enter the workforce.
- c. coordinate the development and publication of the Annual National Report as legislated under the *Skilling Australia's Workforce Act 2005*; and
- d. ensure data is provided as required.<sup>6</sup>

- 3.7 Under clause 27 the states' and territories' role is to determine resource allocation and expenditure as follows:

States and territories will:

- a. determine resource allocation within their State/Territory;
- b. oversee the expenditure of public funds for, and delivery of, training within states and territories; and
- c. ensure the effective operation of the training market.<sup>7</sup>

- 3.8 Clauses 28 and 29 provide for shared responsibilities as follows:

28. Develop and maintain the national training system including:
- a. developing and maintaining a system of national regulation of RTOs [Registered Training Organisations] and of qualification standards;
  - b. ensuring high quality training delivery;
  - c. supporting and implementing the reform directions;
  - d. establishing priorities and developing strategic policy initiatives to deliver the objectives and outcomes of this Agreement, including through the Standing Council on Tertiary Education, Skills and Employment (SCOTESE) and supporting groups;
  - e. ensuring RTO compliance with data requirements as specified through regulation and contractual arrangements for public funds, with improved access to data by students and others, including

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6 COAG, *National Agreement for Skills and Workforce Development*, Clause 26, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

7 COAG, *National Agreement for Skills and Workforce Development*, Clause 27, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

the release of data on a national website such as MySkills and on RTOs' own websites;

f. supporting industry to engage directly with RTOs; and

g. commitment by both levels of government to the sharing of an agreed set of data on the training system and the labour market.

29. Raise the status of VET and Australian Apprenticeships.<sup>8</sup>

## 2012 National Agreement for Skills and Workforce Development Performance Report

3.9 The National Agreement for Skills and Workforce Development Performance Report: *Skills in Australia 2012: Five years of performance* produced by the COAG Reform Council<sup>9</sup> assesses and reports publicly on the performance of governments against the outcomes in the NASWD. Some key findings are:

- Just over 54% of working age people held higher level qualifications in 2011, up from 48.3% in 2006. One in four working age people now have a bachelor degree or above and Australia ranks ninth in the OECD on people with tertiary qualifications.
- In 2011, over 1.3 million people were studying for a qualification. This is equal to 10.9% of Australia's working age population and was an increase from 10.0% in 2006.
- Young people (20–24 years) are studying at the highest rates. The proportion of young people studying increased from 35.6% in 2006 to 39.1% in 2011. However, Australia was below the OECD average for 20–24 year olds studying for a qualification (44.2% in 2011). The gap between Australia and the OECD average also increased from 1.4 to 2.1 percentage points from 2006 to 2011.
- Nationally, one in eight working age people had the lowest level of literacy and one in five had the lowest level of numeracy in 2011–12.
- In 2011, around 30% of VET students who enrolled in a course completed it. Around 17% of those who enrolled completed a course with a higher level qualification than they began with. Both these figures increased by around 5 percentage points from 2007 to 2011. Those aged between 20 and 24 were the most likely to get a higher level qualification.

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8 COAG, *National Agreement for Skills and Workforce Development*, Clauses 28 and 29, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

9 COAG established the COAG Reform Council as part of the arrangements for federal financial relations to assist COAG to drive its reform agenda. Independent of individual governments, the Council reports directly to COAG on reforms of national significance that require cooperative action by Australian governments.

- In 2012, 63.8% of VET graduates reported improved employment status after training – almost 5 percentage points lower than in 2008. The fall was significant in NSW, Victoria, Queensland and South Australia with no significant changes in other jurisdictions. Falls were greatest for 25–29 year olds (10.3 percentage points) and for 20–24 year olds (7.2 percentage points).
- From 2006 to 2011, the proportion of Indigenous people with higher level qualifications rose from 23.6% to 29.6%. For people living in the most disadvantaged areas, the proportion rose from 33.6% to 39.4%. For people living in very remote areas the proportion rose from 30.5% to 37.7%.
- From 2006 to 2011, the gap for higher level qualifications between the most and the least disadvantaged areas closed from 27.4 to 26.8 percentage points while the gap between remote areas and major cities closed from 20.4 to 18.8 percentage points. The gap between Indigenous and non-Indigenous people remained at 25.3 percentage points over this period.
- Based on the trend since 2002, Australia is not on track to meet the COAG target to halve the proportion of 20–64 year olds without higher level qualifications (Certificate III or above) from the 2009 baseline to 23.6% by 2020. In 2012, the proportion was 41.9%.
- Based on the substantial growth since 2009, Australia is on track to meet the COAG target to double the number of diploma and advanced diploma completions from the 2009 baseline to 108 230 by 2020. In 2011, there were 83 771 diploma and advanced diploma completions.<sup>10</sup>

## National Partnership Agreement on Skills Reform

- 3.10 As noted in Chapter 2, two agreements sit under the NASWD: the National Partnership Agreement on Skills Reform and the National Partnership Agreement on Youth Attainment and Transitions. The National Partnership Agreement on Skills Reform is directly relevant to skills development and is dealt with here.
- 3.11 The objectives of the National Partnership Agreement on Skills Reform are to:
- ... contribute to reform of the Vocational Education and Training (VET) system to deliver a productive and highly skilled workforce which contributes to Australia’s economic future, and to enable all

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10 COAG Reform Council, *Skills 2012: key findings: Five years of performance*, <<http://www.coagreformcouncil.gov.au/sites/default/files/files/Skills%20in%20Australia%202012%2C%20Key%20findings.pdf>> viewed 24 October 2014.

working age Australians to develop the skills and qualifications needed to participate effectively in the labour market.<sup>11</sup>

- 3.12 The structural reforms and other actions carried out under the National Partnership Agreement on Skills Reform are directed to achieving the reform directions agreed under the NASWD.
- 3.13 Under the National Partnership Agreement on Skills Reform the Commonwealth agrees to be accountable for the following roles and responsibilities:
- a. monitoring and assessing the performance in the delivery of reforms under this Agreement to ensure that outputs are delivered and outcomes are achieved within the agreed timeframe;
  - b. providing a financial contribution to the States to support the implementation of this Agreement, as set out in Part 5 (Financial Arrangements) ... and contributing to the achievement of the outcomes of this agreement through Commonwealth Own Purpose programs;
  - c. reviewing operational requirements for ICLs to streamline administration requirements, and making necessary changes to legislation, guidelines and administrative processes; and
  - d. leading the development and implementation of key national initiatives outlined in this agreement, including the national *My Skills* website and the Unique Student Identifier (USI) in VET.<sup>12</sup>
- 3.14 The Commonwealth and the States share the following roles and responsibilities:
- a. developing and agreeing Implementation Plans in accordance with Clause 37 of this Agreement;
  - b. funding ICLs including costs of implementation, administration and sharing risk;
  - c. sharing data as part of the agreed government-to-government information model and the operation of labour markets;
  - d. participating in consultations as appropriate regarding the implementation of this Agreement; and
  - e. conducting evaluations and reviews of services and outputs delivered under this Agreement.<sup>13</sup>

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11 COAG, *National Partnership Agreement on Skills Reform*, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_partnership.pdf)> p. 1, viewed 24 October 2014.

12 COAG, *National Partnership Agreement on Skills Reform*, Clause 34, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_partnership.pdf)> viewed 24 October 2014.

## The prominence of TAFE in national skills development

3.15 In 2010, nationally, TAFE institutes accounted for 70.8 per cent of equivalent full-time Vocational Education and Training (VET) students, with other providers (including other public providers and private providers), accounting for 20.7 per cent, and public and dual-sector universities accounting for around eight per cent of equivalent full-time VET students.<sup>14</sup> The Australian Government Department of Industry noted the dominant role of TAFEs:

... we do have very much a market structure where the biggest providers do dominate training. Of course, the TAFEs are a big part of that. Of the public system, of the 1.9 million students, the TAFEs account for about 1.3 million or 1.4 million of that.<sup>15</sup>

3.16 As the major providers of vocational education in Australia, TAFE institutes constitute a significant public resource for the development of skills in the Australian economy. The integral part that TAFE plays in the provision of skills development was outlined by TAFE Directors Australia (TDA):

By simply being in place, TAFE institutes ensure the availability of comprehensive training and education opportunities to meet the needs of industries, communities and individuals in hundreds of locations across Australia. Quite simply, TAFE has a scale and reach which is not now replicated by the private Registered Training Organisation sector, nor is it likely to be.<sup>16</sup>

3.17 The Australian Education Union, Northern Melbourne Institute of TAFE (NMIT) Sub Branch noted the importance of the contribution made to the community services workforce by TAFE:

Without good quality community services courses, we would not have skilled staff working with people with a disability, we would not have programs for the homeless, children at risk and we would not have compassion for those with mental health issues and those struggling with drug and alcohol issues. Workers in all

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13 COAG, *National Partnership Agreement on Skills Reform*, Clause 36, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_partnership.pdf)> viewed 24 October 2014.

14 National Centre for Vocational Education Research (NCVER), *Tertiary education and training in Australia 2010*, NCVER, p. 9, <<http://www.ncver.edu.au/wps/wcm/connect/03dc5705-2051-48a0-bf07-0fbcff210008/2010-Tertiary-education-training-2489.pdf?MOD=AJPERES&CACHEID=03dc5705-2051-48a0-bf07-0fbcff210008>> viewed 24 October 2014.

15 Mr Martin Graham, General Manager, VET Reform Taskforce, Australian Government Department of Industry, *Committee Hansard*, Canberra, 6 June, p. 3.

16 TAFE Directors Australia (TDA), *Submission 70*, p. 4.

areas of the sector would be without access to evidence based best practice and latest government initiatives.

NMIT Community Services graduates fulfil roles in the community services sector that make a difference to the lives of others just like the TAFE education makes a difference to their lives.<sup>17</sup>

- 3.18 The NASWD broadly recognises the important role of public VET providers in its stated reform directions (set out above), but does not specifically recognise TAFE as the major public provider.
- 3.19 The importance of TAFE as a provider of pathways to employment and tertiary education is considered further in Chapter 4.

## Articulating the role and value of TAFE

3.20 An issue of central importance that emerged over the course of the inquiry was the need for a foundational articulation of the role and value of TAFE. This is closely related to TAFE's crucial role in the provision of skills development, its importance as a provider of pathways to employment and tertiary education, and, as is explored in Chapter 4, TAFE's highly significant community support role.

3.21 In its evidence the NSW Adult Literacy and Numeracy Council took the view that the present time is a critical policy moment for TAFE, in regards to its functions and funding. The Council stated that:

... there is a choice that has to be made about whether TAFE will drop its 'E' for education, or retains and builds on its strengths to integrate education and training to achieve human capital, social capital and identify capital for the economy, community and the individuals. There needs to be discrete funding to public providers such as TAFE organisations under the market design model being implemented by jurisdictions, so that full service provision, especially for students from equity groups can continue.<sup>18</sup>

3.22 It was suggested in some evidence to the inquiry that the role and value of TAFE is not as widely recognised as it should be. Ms Joann Pyne, Director, Barrier Reef Mount Isa and Tropical North Institute of TAFE stated that:

We need to really do a good job in this country of explaining what the role of the vocational education system is for. People very clearly understand what a university does. They understand what a school does but are very confused about what a TAFE does. So we need to start a national conversation about the value of TAFE

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17 Australian Education Union, Northern Melbourne Institute of TAFE Sub Branch, *Submission 26*, p. 5.

18 NSW Literacy and Numeracy Council, *Submission 18*, p. 2.

and the value of a vocational qualification ... We have people from all around the world coming and having a look at what we are doing but we do not value it as a community.<sup>19</sup>

3.23 In a similar vein, Mr George Peever, Chief Executive Officer, TORGAS, stated that:

Universities have all these great advocates, and secondary and primary schools have great advocates. TAFE, however, is without that same level of advocacy. You just need to listen to the news. If a primary school with 20 kids is shutting down, everybody is marching up and down the streets. But if a TAFE college shuts down then no-one blinks an eye.<sup>20</sup>

3.24 The 2012 TDA National Charter for TAFE shapes TDA's interaction with government and sets out four principles regarding public funding, the role of governance in a competitive training market, and the important place occupied by TAFE in the VET system. The principles of the TAFE National Charter are as follows:

- PRINCIPLE 1 Funding of public VET provides value-for-money and is sufficient for the comprehensive educational and training services necessary to achieve COAG goals.
- PRINCIPLE 2 Quality criteria are substantially enhanced as the basis of value-for-money in public funding for a competitive VET system.
- PRINCIPLE 3 Governance enables flexibility and responsiveness.
- PRINCIPLE 4 Recognition of the innovation and leadership roles of TAFE, including its pivotal position in rural and regional Australia.<sup>21</sup>

3.25 In its submission to the inquiry TDA submitted that the role and value of TAFE can be articulated as:

1. Providing quality assured, vocationally oriented training and education to meet the skills needs of business and industry, thereby contributing to **improved productivity and community welfare**;
2. Insulating the economy from **skills market failures**, by ensuring the availability of skills training across all industry sectors and throughout the relevant jurisdiction, and by developing training programs to meet emerging needs;

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19 Ms Joann Pyne, Director, Barrier Reef, Mount Isa and Tropical North Institute of TAFE, *Committee Hansard*, Townsville, 7 May 2014, p. 4.

20 Mr George Peever, Chief Executive Officer, TORGAS, *Committee Hansard*, Townsville, 7 May 2014, p. 7.

21 TDA, *Submission 70*, p. 6.

3. Contributing to local, state and national **innovation and economic efficiency** through developing practical approaches to improving industrial and business processes and practices;
4. Ensuring **reasonable access** for all Australians to relatively comprehensive training and education opportunities, for the benefit of both economic development and personal development;
5. Providing strong, credible and seamless **pathways** from one level of training and education to another ;
6. Contributing to Australia's engagement with Asia and economic development through the region.<sup>22</sup>

3.26 Ms Meredith Hammat, Secretary, Unions WA, argued for broader recognition of TAFE's unique position of meeting community service needs and providing pathways:

We think that a public TAFE system should also reflect the heavier community obligations that, as a public provider in the VET system, it has. There needs to be a recognition that for many, access to TAFE is what allows them to develop skills that will then turn their lives around. We also believe that the public TAFE services should reflect the central role that they have of maintaining social cohesion and of maximising opportunities for all students, regardless of their backgrounds and socio-economic status.<sup>23</sup>

3.27 The NSW TAFE Commission Board proposed a Commonwealth statement articulating and recognising the role and importance of TAFE:

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; [and],
- recognise the importance and cost of TAFE's 'full service' provision particularly in regions, thin markets and for disadvantaged students.<sup>24</sup>

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22 TDA, *Submission 70*, p. 14 (emphasis in original).

23 Ms Meredith Hammat, Secretary, Unions WA, *Committee Hansard*, Perth, 13 June 2014, pp. 9-10.

24 NSW TAFE Commission Board, *Submission 65*, p. 5.

## Industry Skills Councils

3.28 The Industry Skills Councils (ISCs) also play an important role in skills development through developing national Training Packages and undertaking various workforce development support, advisory, engagement and coordination functions.<sup>25</sup>

3.29 One ISC, the Community Services and Health Industry Skills Council (CS&HISC), outlined its role as follows:

We do not provide the training; we set the qualification and then registered training organisations deliver the qualifications. So, in a national system, we talk to industry of whoever shape or form; we develop the job standards, which are packaged in units of competence and then packaged into a qualification. ... We produce those and then, if you wish to grant that qualification, a registered training organisation ... deliver[s] these national qualifications...<sup>26</sup>

3.30 The CS&HISC noted the standing of the qualifications that it has developed:

The workforce that we are involved with have qualifications of certificate I, II, III, IV, diploma and advanced diploma. They are professions that are not regulated by the Australian Health Practitioner Regulation Agency, which looks after doctors, dentists and others. So our qualifications are used as a pseudo-regulatory tool. For example, if you wish to work in an aged care facility the employer's expectation would be that you would have a certificate III in aged care, which is the qualification that the Community Services and Health ISC developed.<sup>27</sup>

3.31 AgriFood Skills Australia identified the importance of skills being tailored to industry needs:

To contribute to Australia's continued global competitiveness, and to build a world class, highly productive workforce, the agrifood industry needs a flexible, dynamic and responsive training system that guarantees the current and future skills requirements of our people. This requires a strong connection between VET providers, researchers, and industry, with the overriding objective being to

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25 Industry Skills Councils generally. Their make-up and policy basis are dealt with in Chapter 2.

26 Mr Rod Cooke, Chief Executive Officer, Community Services and Health Industry Skills Council (CS&HISC), *Committee Hansard*, Sydney, 8 April 2014, p. 15.

27 Mr Rod Cooke, Chief Executive Officer, CS&HISC, *Committee Hansard*, Sydney, 8 April 2014, p. 15.

produce competent people with the capability to do the industry job they are trained for.<sup>28</sup>

- 3.32 Citing the example of a particular qualification in the aged/ community services training sector, Dr John Mitchell, a research and evaluation consultant in workforce development and strategic and change management, noted that it is the responsibility of the ICSs (and the then National Skills Standards Council (NSSC)) to provide clear guidance on standards in Training Packages:

Why is it vague about whether it is 1 200 hours or 200 hours for a certificate III? It should be clear. That is not the regulator's fault. It is the job of the national standards committee and the industry skills councils to get those training packages right, because there are loopholes.<sup>29</sup>

- 3.33 Dr Mitchell commented that the NSSC:

... is probably the pivotal group in one sense. It has been too slow. It has not followed through quickly enough. If that committee is not on task, moving promptly, being thorough, then we have concerns.<sup>30</sup>

## National Training Packages

- 3.34 National Training Packages provide the standards against which Registered Training Organisations (RTOs) are expected to deliver training and against which the Australian Skills Quality Authority (ASQA) must regulate.

- 3.35 In its evidence Manufacturing Skills Australia (MSA) noted that the 'TAFE system is the major user of national Training Packages:'

In 2011, 863,969 people were undertaking training from a national Training Package through the TAFE system. This accounted for 62% of all Training Package activity in 2011.<sup>31</sup>

## Views on national Training Packages

- 3.36 A range of views were advanced concerning national Training Packages.

- 3.37 While TAFEs are a major user of Training Packages, Associate Professor Marcus Bowles of the University of Tasmania noted that the Training Package system, while essential, relates to a substantial minority of TAFE

28 AgriFood Skills Australia, *Mind the Gap: Why agrifood's future in the Asian Century is far from assured*, 2013, Environmental Scan quoted in AgriFood Skills Australia, *Submission 63*, p. 1.

29 Dr John Mitchell, Managing Director, John Mitchell & Associates (JMA), *Committee Hansard*, Sydney, 8 April 2014, p. 12. Dr Mitchell referred to findings made by the Australian Skills Quality Authority in its aged-care report, *Training for aged and community care in Australia*.

30 Dr John Mitchell, Managing Director, JMA, *Committee Hansard*, Sydney, 8 April 2014, p. 12.

31 Manufacturing Skills Australia (MSA), *Submission 9*, p. 5.

attendees – those who are engaged in continuous learning – rather than the majority of those who attend TAFEs:

... if you tie funding and reward to competencies in training packages based on qualifications that Industry Skills Councils think are relevant you should realise that 60 per cent of people that are graduating from TAFE are not continuous learners. They are in work or returning to look for skills that will give them work. We are basing a system on 40 per cent of the demand. It is absolutely essential, but we have two systems: one for continuing learning, where people are progressing up AQF levels, and one for those who are looking for skills that are relevant for new work or to improve the work that they already have, in terms of performance and productivity. It is not the same thing.<sup>32</sup>

- 3.38 AgriFood Skills Australia noted the strong link between VET qualifications and training packages, and also the important of individual educational institutions in the development of VET courses:

VET qualifications are designed and maintained by industry through the rigorous development and continuous improvement process for nationally endorsed Training Packages. Development of courses within the VET sector, and the extent to which industry consultation occurs within that process, is typically reliant on the individual faculty and varies considerably within and between institutions.<sup>33</sup>

- 3.39 Mrs Anne Blythman, General Manager, VET, TasTAFE, affirmed the standing of national Training Packages, but also identified a need for more diversified training products that could equip people for work in more than one industry sector:

Training packages are very highly regarded. However ... I think there is a growing need for a different type of product that prepares people better for opportunities in a range of industry sectors, because the employment opportunities might not be there for them in a particular industry sector. Also, I think there are opportunities to streamline the management of changes to the system and training packages and the impact on multiple players in that space as that happens.<sup>34</sup>

- 3.40 Ms Jan Davis, Chief Executive Officer, Tasmanian Farmers and Graziers Association, suggested that Training Packages are not always most the

32 Associate Professor Marcus Bowles, Adjunct, Deputy Director VET and Industry Research, AMC, University of Tasmania, *Committee Hansard*, Launceston, 30 April 2014, p. 21.

33 AgriFood Skills Australia, *Submission 63*, p. 6.

34 Mrs Anne Blythman, General Manager, VET, TasTAFE, *Committee Hansard*, Launceston, 30 April 2014, p.13.

most responsive model for industry needs, which can be more specific and immediate:

The education system at all levels over the last 15 to 20 years has become, from an industry point of view, totally and irrationally focused on training packages. There are all of the national standards and you have to do this and that. You have to have a cert II ... Most industries – and certainly the ones I have been involved in – do not develop their training needs in that linear pathway. Particularly in an industry like ours we have just-in-time training needs. They are very specific. They are often an upskilling of a current workforce when there is a change of government requirement, which unfortunately happens on a far too regular basis. So we are told we have to go in and get everybody skilled on the new rules around, for example, ATVs and quad bikes. So we will have an immediate need to have everybody upskilled on that. That does not fit into a training package need.<sup>35</sup>

- 3.41 The Committee also heard elsewhere that '[i]n terms of mobility of workforce and of apprentices' national Training Packages are 'a great concept',<sup>36</sup> but that endorsement of Training Packages usually refers to endorsement by large industry rather than a broader cross-section of industry. This can have ramifications for small- to medium-sized businesses:

People will say, 'This curriculum was designed by industry.' Well, what is industry? When you talk to ... people who have small- to medium-sized businesses, they have no input; yet, they have to put up with a national training package that very often does not suit them.<sup>37</sup>

- 3.42 Ms Joann Pyne, Director, Barrier Reef, Mount Isa and Tropical North Institute of TAFE, cautioned against the too-frequent updating of Training Packages:

I think we have created an industry out of training packages. The notion is exactly right. The skills should be consistent over the whole nation, but we should not be creating such an industry out there rewriting them every six months.<sup>38</sup>

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35 Ms Jan Davis, Chief Executive Officer, Tasmanian Farmers and Graziers Association, *Committee Hansard*, Launceston, 30 April 2014, p.4.

36 Mr George Peever, Chief Executive Officer, TORGAS Inc, *Committee Hansard*, Townsville, 7 May 2014, p. 12.

37 Mr George Peever, Chief Executive Officer, TORGAS Inc, *Committee Hansard*, Townsville, 7 May 2014, p. 12.

38 Ms Joann Pyne, Director, Barrier Reef, Mount Isa and Tropical North Institute of TAFE, *Committee Hansard*, Townsville, 7 May 2014, p. 12.

3.43 In its April 2014 report *Shared responsibilities, shared solutions: Analysis of the Training Package Continuous Improvement Process for the Industry Skills Councils Forum*, the Industry Skills Council Forum found that:

... statements that Training Packages are changing too often are misleading as although some Training Packages have changed many times in the last few years these are in a very small minority. Just seven (7) of the 58 Training Packages that fell within the scope of the analysis had six (6) or more changes made over the three year analysis period. This equates to two (2) changes per year, about double the average for all Training Packages ... The remainder of Training Packages have experienced only moderate rates of change, and some have not changed at all. Over 62% of Training Packages (36 of the 58 in the scope of this analysis) changed on average **once per year or less** over the three year analysis period.<sup>39</sup>

3.44 However, the recent review of ASQA found that:

Many training packages are updated regularly. Out of 63 training packages reviewed by ASQA, one package was updated 15 times and two others 13 times in the three years to 30 June 2013. A total of 24 training packages were updated 5 or more times over that period. Some changes require Providers to make an application for a change of scope which ASQA then processes and charges an associated fee. Other changes require Providers to update training delivery, assessment strategies or course material. These changes must be better coordinated as the impact of this on the VET sector and the regulator is significant process inefficiencies and additional cost.<sup>40</sup>

3.45 Accordingly, the ASQA review found, as one of its main themes, that '[a] lack of coordination in training package updates issued by ISCs creates unnecessary work for Providers and impacts ASQA's operations'.<sup>41</sup> In July 2014 it was announced that ASQA will:

... automatically update a training provider's domestic scope to include any new, equivalent version of a training product

39 Industry Skills Councils, *Shared responsibilities, shared solutions: Analysis of the Training Package Continuous Improvement Process for the Industry Skills Councils Forum*, p. 17-18 (emphasis in original),

<<http://www.isc.org.au/pdf/Training%20Package%20Continuous%20Improvement%20-%20FINAL%20REPORT.pdf>> viewed 24 October 2014.

40 PricewaterhouseCoopers (PwC), *ASQA process review: final report*, PwC, 2013, p. v, <<http://www.industry.gov.au/skills/RegulationReformsAndInitiatives/RegulationVET/Documents/ASQAProcessReview-FinalReport.pdf>> viewed 24 October 2014.

41 PwC, *ASQA process review: final report*, PwC, 2013, p. v, <<http://www.industry.gov.au/skills/RegulationReformsAndInitiatives/RegulationVET/Documents/ASQAProcessReview-FinalReport.pdf>> viewed 24 October 2014.

(qualifications and units of competency) they are already registered to deliver. This will remove the requirement for a training provider to apply for a change of scope, and pay the required fee, to continue to deliver a training product that has been updated and endorsed as equivalent to the superseded product.<sup>42</sup>

- 3.46 As noted in Chapter 2, on 11 September 2014 the Minister for Industry, the Hon Ian Macfarlane MP, announced that he would be undertaking a full review of training products in the VET system. The review is expected to examine whether training packages and accredited courses, as they are currently designed, are still fit for purpose.<sup>43</sup>

## The Australian Skills Quality Authority

- 3.47 The functions of ASQA are set out in Chapter 2. Dr Dianne Orr, Acting ASQA Chief Commissioner, noted that ASQA's role is to ensure RTO compliance with approved quality standards, and has a limited role beyond this:

ASQA is not the standard-setting body. ASQA does not set the nationally approved quality standards against which it regulates. The standards were developed by the former National Skills Standards Council and endorsed by the ministerial council. ASQA is tasked with ensuring that registered training organisations comply with these standards. ASQA does not provide or administer any funding or grants of any kind. Funding the provision of training is generally the domain of the Commonwealth and the state and territory departments that carry the portfolio responsibility for skills. As a regulator, ASQA has no role to play here. These agencies do conduct their own contract compliance audits to ensure that providers meet contractual obligations for their funding and, in a sense, this creates another layer of regulation.<sup>44</sup>

- 3.48 It was also noted that ASQA undertakes 'a passive form of regulation':

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42 National Skills Standards Council (NSSC), 'Interim arrangements for VET standards and policies: Training Package reform – automatic updating of a training provider's scope', <[http://www.nssc.natese.gov.au/training\\_packages](http://www.nssc.natese.gov.au/training_packages)> viewed 24 October 2014.

43 Australian Government, Department of Industry, 'VET Reform', 'Progress to date' <<http://www.vetreform.industry.gov.au/progress-date#new>> viewed 26 September 2014.

44 Dr Dianne Orr, Acting Chief Commissioner, Australian Skills Quality Authority (ASQA), *Committee Hansard*, Canberra, 6 June 2014, p. 17-18.

The regulator sits there and waits for market participants to come knocking on the door and asking for an entitlement. In the first place, they ask to join the market – an entry to market permission. Then the provider seeks permission for what they plan to offer to the market – what qualifications or courses.<sup>45</sup>

- 3.49 ASQA indicated that it has continued the practice of granting delegations to TAFE Institutes in relation to managing their registrations:

When we started, a number or nearly all of the previous regulators had granted delegations to the TAFE institutes to manage aspects of their registration outside of the regulator or under delegation from the regulator. That is something that we picked up and continued. In fact, that applies to nearly all of the TAFEs.<sup>46</sup>

- 3.50 ASQA also indicated that its funding derives from fees, and that the organisation is moving towards a full cost recovery model.<sup>47</sup>

- 3.51 Some concerns were expressed regarding ASQA's regulatory capability. The NSW Branch of the Australian Education Union voiced its concern over the capability of ASQA to adequately regulate compliance by private RTOs:

There is great concern amongst TAFE teachers that private RTOs are able to offer watered-down courses for Certificates and Diplomas in one or two semesters, with no quality outcomes or scrutiny over these companies. We know there are not sufficient numbers of auditors to ensure quality delivery by these often fly-by-night companies whose bottom line is profit driven. We do not believe the Australian Skills Quality Authority (ASQA) has the ability to appropriately regulate the plethora of for-profit Registered Training Organisations (RTOs), and it appears ASQA concentrates its efforts on regulating the largest RTOs: TAFE Institutes.<sup>48</sup>

- 3.52 Mr Anthony Kittel, Managing Director, REDARC Electronics Pty Ltd, stated that:

The quality level across the private sector varies dramatically and I do not believe that they are assessed well enough, vetted well

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45 The Hon Michael Lavarch, Commissioner, Risk Analysis and Investigation, ASQA, *Committee Hansard*, Canberra, 6 June 2014, p. 17-18.

46 Dr Dianne Orr, Acting Chief Commissioner, ASQA, *Committee Hansard*, Canberra, 6 June 2014, p. 26.

47 Dr Dianne Orr, Acting Chief Commissioner, ASQA, *Committee Hansard*, Canberra, 6 June 2014, p. 17.

48 Australian Education Union (AEU) (NSW Branch), *Submission 8*, p. 9.

enough, before they come to companies like ours and ask to get our business.<sup>49</sup>

- 3.53 Dr John Mitchell praised ASQA's recent work on identifying problems in the aged care/community services training sector (considered further below), but also took the view that ASQA requires further support:

ASQA needs more support. The last thing you would want to do is to have light-touch, diluted regulation. We have got so many problems – endemic problems, systemic problems – in the VET sector, the last thing you would do at the moment is reduce the regulation. We need ASQA to try and force through.<sup>50</sup>

- 3.54 ASQA is a relatively newly-established regulator whose regulatory capability and resourcing level seem appropriate. Where possible, such as through the use of delegations, ASQA uses a light touch regulatory regime.

- 3.55 The main issue facing ASQA is the wide latitude of training methodologies allowed in national Training Packages which can produce sub-optimal skills levels. This, however, is not a failing of ASQA, which can only regulate to the national Training Packages, but of the Packages themselves.

- 3.56 The recent review of ASQA found, as one of its main themes, that there is '[a] lack of guidance about the rules for [RTO] Standards and training packages:'

No single entity amongst ASQA, the Industry Skills Councils (ISCs), and the NSSC has clear responsibility for issuing guidance about the interpretation of the Standards and training packages to Providers. There is some suggestion that ASQA is responsible, but they are not funded for this task. It must be made clear who is responsible for issuing guidance, and consideration should be given to establishing a formal process to ensure that information about common causes of non-compliance is fed into development of guidance for communication with Providers.<sup>51</sup>

- 3.57 Suitable action to correct this gap is necessary as part of the Australian Government's work in response to the review.

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49 Mr Anthony Kittel, Managing Director, REDARC Electronics Pty Ltd, *Committee Hansard*, Adelaide, 12 June 2014, p. 22.

50 Dr John Mitchell, Managing Director, JMA, *Committee Hansard*, Sydney, 8 April 2014, p. 12.

51 PwC, *ASQA process review: final report*, PwC, 2013, pp. iv-vi, <<http://www.industry.gov.au/skills/RegulationReformsAndInitiatives/RegulationVET/Documents/ASQAProcessReview-FinalReport.pdf>> viewed 24 October 2014.

## ASQA report on training standards in the aged care/community services training sector

3.58 The findings of ASQA's 2013 report on training in the aged care/community services training sector, *Training for aged and community care in Australia*, are instructive of the types of compliance/regulatory issues that can emerge in relation to RTOs. The future skilled labour needs of the sector are considerable, as the CS&HISC has noted:

The vocational education and training workers – which is our particular interest – is where the numbers are actually quite frightening. For example, over the next 20 years we need an extra 800,000 aged care workers to provide care in Australia. There are only 400,000 people on the unemployment queue so we are not sure where the workers are going to come from.<sup>52</sup>

3.59 In its report ASQA found that:

- Up to 70% of RTOs offered the Certificate III in Aged Care in less than 1 200 hours, even though the Australian Qualification Framework guidelines imply a benchmark of 1 200 hours or more for Certificate III programs;
- A number of RTOs offered the Certificate III in less than 200 hours; and
- Seventy per cent of RTOs offered the Certificate III in Aged Care over a period of less than one year, even though the Australian Qualifications Framework guidelines benchmark one to two years as being appropriate for a Certificate III. Over one-third of RTOs offered the Certificate III in Aged Care in less than 15 weeks.<sup>53</sup>

3.60 Importantly, ASQA further stated that 'this is not just a problem with training in the aged and community care sector. It has much wider application across the whole VET sector'.<sup>54</sup>

3.61 ASQA's report presented the following key messages in relation to training in the aged care/community services sector:

- The Certificate III in Aged Care remains the most common qualification for new entrants to the aged and community care industry
- Most registered training organisations have difficulty complying with assessment requirements

52 Mr Rod Cooke, Chief Executive Officer, CS&HISC, *Committee Hansard*, Sydney, 8 April 2014, p. 15.

53 ASQA, *Training for aged and community care in Australia*, p. 41, <[http://www.asqa.gov.au/verve/\\_resources/Strategic\\_Reviews\\_2013\\_Aged\\_Care\\_Report.pdf](http://www.asqa.gov.au/verve/_resources/Strategic_Reviews_2013_Aged_Care_Report.pdf)>, p. xi, viewed 24 October 2014.

54 ASQA, *Training for aged and community care in Australia*, p. 41, <[http://www.asqa.gov.au/verve/\\_resources/Strategic\\_Reviews\\_2013\\_Aged\\_Care\\_Report.pdf](http://www.asqa.gov.au/verve/_resources/Strategic_Reviews_2013_Aged_Care_Report.pdf)>, p. xi, viewed 24 October 2014.

- Following time to rectify areas where they were not compliant, most registered training organisations became compliant with the national standards
- Training programs are largely too short and with insufficient time in a workplace for sufficient skills development
- Changes to the national standards for training organisations are required.<sup>55</sup>

3.62 Dr John Mitchell characterised ASQA's report as 'profoundly important':

It absolutely itemises the systemic problems in the sector and it cheekily, boldly, points back to the decision makers. For instance, it argues, it shows, the problem is not the shonky providers; the problem is the loopholes. There are loopholes. If you have got loopholes, people will take advantage. People in business are opportunistic. Many people, if they see a loophole, instead of offering it in 1200 hours, they will offer it in 200 hours. If they see a loophole, they will take it. We need the regulator but we need more than a regulator; we need the national standards committee to tighten up.<sup>56</sup>

## Responding to skill needs

3.63 Past research on the supply of skills in relation to the principles of a demand-driven skills system has indicated that:

Typically, it is expected that such a system should have a robust capacity to express industry skill needs and standards, have providers that respond quickly to industry skill demands, be able to deliver skills that match new technologies and practices in industry, and deliver skills to the current and future workforce in a flexible manner and at a consistent level of quality.<sup>57</sup>

3.64 The International Labour Office (ILO) of the G20 has noted that:

One of the main challenges of public policy is to foster institutional arrangements through which government departments, employers, workers and training institutions can respond

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55 ASQA, *Training for aged and community care in Australia*, p. iii, <[http://www.asqa.gov.au/verve/resources/Strategic\\_Reviews\\_2013\\_Aged\\_Care\\_Report.pdf](http://www.asqa.gov.au/verve/resources/Strategic_Reviews_2013_Aged_Care_Report.pdf)> viewed 24 October 2014.

56 Dr John Mitchell, Managing Director, JMA, *Committee Hansard*, Sydney, 8 April 2014, p. 12.

57 J Keating, *Matching supply of and demand for skills: International perspectives*, Centre for Post-compulsory Education and Lifelong Learning, Final report [1 May, 2007] NCVER, p. 17, <[http://www.flinders.edu.au/sabs/nils-files/reports/NCVER\\_DMS\\_43287-v7-Program\\_5\\_2.pdf](http://www.flinders.edu.au/sabs/nils-files/reports/NCVER_DMS_43287-v7-Program_5_2.pdf)> viewed 24 October 2014.

effectively to changing skill and training needs, and indeed play a strategic and forward-looking role in anticipating future needs.<sup>58</sup>

- 3.65 The ILO of the G20 has also recognised the importance of siting skills policies within the broader policy context:

Skills by themselves do not automatically lead to more and better jobs. Skills policies must be part of a broad set of policies that are conducive to high rates of growth and investment, including investment in basic education, health care and physical infrastructure, strong growth in good-quality employment, and respect for workers' rights.<sup>59</sup>

- 3.66 In its submission the Public Service Association/Community and Public Sector Union noted the complexity of assessing skill shortages and, consequently, the difficulty of assessing the adequacy of the focus of the VET sector:

... measuring where skill shortages exist is complex, because it needs to take into account that there may be shortages in particular geographic regions, or in sub-sets of skills within occupations. So it's difficult to say how well targeted the VET sector is, when uncertainty exists about what the targets should be.<sup>60</sup>

- 3.67 The Australian Workforce and Productivity Agency (AWPA) has also noted the inherent difficulty in forecasting future training needs.<sup>61</sup>

- 3.68 The importance of VET and TAFE in meeting the demand for skills, however, is clear. In its submission AWPA noted:

... the key role of both the VET and higher education sectors in meeting the nation's demand for the additional skills that will be required to address economic and demographic change and to improve workforce participation and productivity.<sup>62</sup>

- 3.69 AWPA further noted that:

... demand for skills will be strong in the years to 2025, with the total demand for qualifications held expected to increase by between 3 and 3.9 per cent on average each year. TAFE, as a major

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58 G20, International Labour Office (ILO), *A Skilled Workforce for Strong, Sustainable and Balanced Growth*, p. 19, <<http://www.oecd.org/g20/topics/employment-and-social-policy/G20-Skills-Strategy.pdf>> viewed 24 October 2014.

59 G20, ILO, *A Skilled Workforce for Strong, Sustainable and Balanced Growth*, p. 6, <<http://www.oecd.org/g20/topics/employment-and-social-policy/G20-Skills-Strategy.pdf>> viewed 24 October 2014.

60 Public Service Association/Community Public Sector Union, *Submission 67*, p. 8.

61 Mr Robin Shreeve, Chief Executive Officer, Australian Workforce and Productivity Agency (AWPA), *Committee Hansard*, Sydney, 8 April 2014, p. 25.

62 AWPA, *Submission 55*, p. 1.

player in the VET sector, will have significant role in supplying the required qualifications.

TAFE's has an important role in the skilled trades where shortages can limit production and deter investment. TAFE's role has been especially important where off-the-job training requires ongoing commitment to specialist facilities and to staff with extensive industry experience.<sup>63</sup>

## Thin markets

3.70 Some important skillsets have thin training markets where 'the actual or potential number of learners is too small, relative to the cost of delivery, to sustain efficient provision.'<sup>64</sup>

3.71 The Australian Education Union, using WA as an example, pointed to the difficulty in providing training in thin markets and the importance of doing so:

One metropolitan college in WA takes on responsibility for a large range of these small industries or thin markets and despite some loadings in terms of funding assistance many of these programs still struggle to break even. None the less it is vital the government continue to support these small but none the less very important trades and industries.<sup>65</sup>

3.72 One example of a thin market is training for jewellery makers. The Gold and Silversmiths Guild of Australia, Jewellery Association of Australia and Gemmological Association of Australia pointed to the effect that funding cuts to TAFE can have on this market:

Cutbacks in TAFE and University funding, combined with lower numbers of jewellery workshops taking on apprentices, means that the two usual pathways to training as a jeweller or metal artisan are on the verge of disappearing.

With the pressure of imported jewellery being cheaper than local products, due to the strong Australian dollar, reduced discretionary income and the increase in internet sales our Jewellery industry is imploding.<sup>66</sup>

3.73 The Jewellery Training Council and Jewellers Association of Australia noted the effect that a lack of appropriately trained jewellers would have on the industry and consumers:

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63 AWPA, *Submission 55*, p. 1.

64 TDA, *Submission 70*, p. 24.

65 AEU, *Submission 73*, p. 144.

66 Gold and Silversmiths Guild of Australia, Jewellery Association of Australia and Gemmological Association of Australia, *Submission 25*, p. 1.

The consumer will be at risk of shoddy workmanship and potentially exorbitant prices. There will be unqualified jewellers taking advantage of the consumer. There will be no accountability as they are outside of the certified trade industry.<sup>67</sup>

## Industry and TAFE linkages

3.74 To meet the skill needs of industry there need to be close linkages between individual TAFE institutes and the industries in their areas who will be the recipients of newly-trained employees.<sup>68</sup> Creating appropriate linkages assists TAFE institutes to provide courses that are relevant, flexible and current. Some specific examples of industry-TAFE partnerships relating to TAFE's role as a provider of pathways to employment are considered in Chapter 4.

3.75 Industry stakeholders provided perspectives on a number of aspects of TAFE education. The Queensland Chamber of Commerce and Industry raised employer concerns over TAFE courses and perceived disincentives to place employees at TAFEs:

... we have received reports from employers advising that the quality of TAFE courses are poor or inconsistent; that insufficient communication with employers prevents them from tailoring on-the-job work to their course work at TAFE; and that complex administrative requirements, including excessive and unnecessary paperwork, are burdensome and serve as a disincentive to placing employees in TAFE courses.<sup>69</sup>

3.76 Both MSA and the Minerals Council of Australia emphasised the importance of training models focused on outcomes rather than inputs:

[T]he major criticism in relation to the role TAFE plays in the development of skills in the Australian economy is directed at policy which is largely focussed on inputs (i.e. nominal hours of training activity) rather than outcomes (completions).<sup>70</sup>

The industry, however, does not want a return to the days of predominantly provider-centric training, including time-based approaches. While regulatory, inputs-based approaches have their place, the industry favours a model that encompasses industry-driven, outcomes-based assessments of training.<sup>71</sup>

67 Jewellery Training Council and Jewellers Association of Australia, *Submission 187*, p. 1.

68 The issue of student proximity to TAFE is addressed in Chapter 4.

69 Chamber of Commerce and Industry Queensland, *Submission 33*, p. 7.

70 MSA, *Submission 9*, p. 5.

71 Minerals Council of Australia, *Submission 11*, p. 2.

3.77 Mr Tony Kennedy, CEO of IndustryLink, was critical of the disconnect that can exist between the academic level of TAFE instruction and the practical skill levels required by employers:

... the TAFE system has become so internally focused on self-preservation that these instincts now outweigh all its other honourable objectives. Increasing contact hours to preserve their workforce has, for instance, inspired them to teach certificate III commercial cookery to prevocational students in a one-year program. When these students complete and apply for advertised positions, the vast majority of employers do not want them. They are academically ahead of their practical ability – hence, the employer is not prepared to pay them at the level they are qualified to and they no longer have the opportunity to be an apprentice. The apprenticeship phase, along with its incentives, has passed them by. TAFE does the same thing with a cert III in patisserie, in the form of a six-month course. Testimonies and petitions from leading industry stakeholders have failed, to date, to convince TAFE that they are not in tune with industry need.<sup>72</sup>

3.78 On the other hand, from the TAFE perspective it is to be expected that there will be gaps between the skills acquired through TAFE and the requirements of the individual workplace or working environment. Mrs Anne Blythman, General Manager, VET, TasTAFE noted that:

There was always an expectation that when people came out of a TAFE qualification they would have skills that would need to be contextualised to the particular workplace or the particular context within which they were working. I think it is almost an unrealistic expectation that you would have somebody coming out that could perhaps adapt to any environment that they would find themselves in.<sup>73</sup>

## Outputs not inputs

3.79 There are, essentially, two ways of measuring education and training. First, via inputs – contact hours; and second, through outputs – the actual skills, abilities and employability of the student being educated or trained. It is important to note the distinction between outputs and outcomes. The term *output* refers to student skills and abilities resulting from education and training, whereas the overall *outcome* is the end result for students – for example employment or better community engagement.

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72 Mr Tony Kennedy, Chief Executive Officer, IndustryLink, *Committee Hansard*, Launceston, 30 April 2014, p. 45.

73 Mrs Anne Blythman, General Manager, VET, TasTAFE, *Committee Hansard*, Launceston, 30 April 2014, p. 16.

- 3.80 The Hon Michael Lavarch, ASQA Commissioner, Risk Analysis and Investigation, acknowledged that the current model is inputs-focused. Mr Lavarch expressed in principle support for a more outputs-focused model while also noting that such a shift would not be straightforward:

We have a cake mix model, not a cake taste model – that is, you have got standards and you have got training package requirements, and they do focus examination. The theory is that if you are meeting these requirements and have this staff and these background skills and these facilities and you are meeting the assessment regime, which is specified in the national standards, ipso facto you will come out with a decent-tasting cake. But we are not so much into that cake tasting. What you are suggesting, I think, is that the balance should shift from focusing on inputs to eating the cake. I read some of the evidence from one of your witnesses saying that if someone has a competency saying they can install a widget, well test whether they can install the widget. I understand that and I support it in a philosophical sense.

Moving to that sort of program, let us not underestimate the difficulties involved in it.<sup>74</sup>

- 3.81 While it is important to acknowledge the significance of the hours spent in training a student in a particular skill, the proof that a skill has been appropriately taught and appropriately learned, is the ability of a trainee to complete the tasks required of them by the industry they enter new employment with. That is, inputs are only important in relation to the output – the skilled employee – that they produce. As the Victorian Automobile Chamber of Commerce stated:

There is a profound difference between delivering a qualification and developing the skills necessary to perform on the job to industry standards.<sup>75</sup>

- 3.82 Clearly, industry has a strong interest in the outputs provided by the TAFE system. The first step in providing good outputs must be analysis and planning in relation to the roles and skills that will be required in the labour market. As noted by Curtain Consulting, this is especially important in relation to aligning the interests of those looking to train with industry skill requirements:

Young people have little incentive to invest in a long period of career preparation if they do not know the tangible benefits.<sup>76</sup>

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74 The Hon Michael Lavarch, Commissioner, Risk Analysis and Investigation, ASQA, *Committee Hansard*, Canberra, 6 June 2014, p. 22.

75 Victorian Automobile Chamber of Commerce, *Submission 185*, p. 3.

76 Curtain Consulting, *Submission 75*, p. 2.

3.83 A key to providing good outputs is flexibility.<sup>77</sup> The Australian Chamber of Commerce and Industry noted that:

... as the role and offerings of TAFE has expanded, the VET market and client cohort has evolved significantly, employers and learners now require greater flexibility in when and where they can access training. Many employers and employees now seek to access training either in the workplace or outside of standard work hours. Individuals and employers now often seek highly specific skills or the ability to operate specific equipment relevant to the modern workplace. For many individuals and employers, institutional based offerings, with set hours of delivery offering more generic skills options do not suit their needs or their availability and training providers who offer flexible learning programs, either on-line, in the workplace, or at times the suit the learners, have moved to capture this market.<sup>78</sup>

3.84 Mr Tony Kennedy provided evidence on the flexibility that private providers can bring to the table:

... public providers cannot be as flexible to market needs as private providers, and I believe the main reason the TAFE system cannot be as flexible is that it has different parameters in which to work. It must follow the contours of primary and secondary school hours, holidays and other nuances. It then needs to marry up these restrictions with apprentices in the workplace, despite the two systems having nothing in common at all. Similarly the defining constraints and limitations of most of their courses are the term dates around school holidays; likewise, job placements within these qualifications must align with these holidays.<sup>79</sup>

3.85 One participant in the inquiry, Mr Paul Roberts-Thomson, suggested that value in training can only come through an emphasis on 'skills competency and underpinning knowledge'.<sup>80</sup> Mr Roberts-Thomson stated that 'the VET sector must seriously engage with output auditing (i.e. assessing whether the trainee assessed as competent should have received that result)'.<sup>81</sup>

... this should be done via random auditing of RTO graduates and be of sufficient frequency that RTOs have a genuine expectation that their graduates may well be audited. Given the powerlessness

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77 Flexibility is dealt with in additional detail in Chapter 5.

78 Australian Chamber of Commerce and Industry, *Submission 46*, p. 2.

79 Mr Tony Kennedy, Chief Executive Officer, IndustryLink, *Committee Hansard*, Launceston, 30 April 2014, p. 45. See also Mr Anthony Kittel, Managing Director, REDARC Electronics Pty Ltd, *Committee Hansard*, Adelaide, 12 June 2014, p. 22.

80 Mr Paul Roberts-Thomson, *Submission 177*, p. 6.

81 Mr Paul Roberts-Thomson, *Submission 177*, p. 10.

of the trainee in this system, it is not proposed that the trainee should suffer any penalty if found not competent, certainly not in the initial years. However, negative findings against a RTO should be recorded and cumulative negative outcomes should eventually lead to RTO status being denied.

Concurrent with this change to output auditing must, of course, be a major reduction in input auditing/compliance so the RTOs have the opportunity to concentrate on creating value via training.<sup>82</sup>

## Committee comment

- 3.86 While the COAG framework broadly recognises the important role of public VET providers, the crucial position and role of TAFE within VET is not explicitly recognised. For the Committee this is integral to the issues raised in the inquiry and is a deficiency that should be rectified. As stated above, it became evident to the Committee over the course of the inquiry that a foundational articulation of the role and function of TAFE is necessary.
- 3.87 The Commonwealth and the states and territories should arrive at a shared understanding of, and publicly state, the role of TAFE as a public VET provider together with its future direction in the training market. This statement should recognise the importance and value of TAFE within the VET sector.
- 3.88 In making this recommendation, the Committee also takes the view that such a statement should recognise that the affordability and accessibility of the training market is underpinned by a strong public sector provider, and should acknowledge functions that TAFE, as a public provider, can uniquely bring to the VET sector.

## Recommendation 1

The Australian Government should, through the Council of Australian Governments, make a value statement comprehensively defining the role of TAFE within the VET sector together with its future direction in the competitive training market, from a national perspective.

This statement should recognise that the affordability and accessibility of the training market is underpinned by a strong public sector provider and acknowledges the following functions that TAFE, as a major and significant not-for-profit public provider, can uniquely bring to the VET sector:

- setting a benchmark for price that ensures the market doesn't simply drive prices up to meet either public or private funding maximum levels;
- delivering community support obligations and ensuring the provision of support across all population centres and groups;
- ensuring that thin markets are covered to maximise the provision of skills needed by both the economy and society;
- delivering support for regions and industries in transition, including working with community leaders to identify changing skills profiles needed for the future and analyse training needs for displaced workers and jobseekers;
- identifying and investing in skills development for new, innovative and emerging industry sectors such as advanced manufacturing, green skills, and ICT;
- providing pre-employment courses, particularly language, literacy and numeracy and digital skills as well as job readiness courses;
- providing mature age learners and early school leavers for whom TAFE is the most appropriate pathway with access to pathway qualifications in order to undertake further study;
- providing other specialised training pathways such as pre-apprenticeship courses; and
- providing a sound, government-backed institution that can attract strong support in the education markets of the Asian region.

3.89 A number of the specific functions of TAFE identified in Recommendation 1 are considered in greater detail at various points throughout this report. For example, TAFE's wider community service role is discussed in Chapters 4 and 5; thin markets are considered above; support for regions and industries in transition is dealt with in Chapter 4; skills development is considered with in this chapter; and language, literacy and numeracy issues are discussed with in Chapter 4.

- 3.90 It is clear that a significant focus in TAFE, and, indeed, the VET Sector as a whole, needs to be on outputs – the actual ability of potential employees to be able to perform the tasks for which they are being trained – rather than the audited inputs for a particular training course. Industry frustrations with a focus on inputs and mismatches between training and employer skills requirements are clear.
- 3.91 At the same time, it is important to not take a focus on outputs too far. While it may be the case that on occasion higher inputs do not lead to good training outputs, hours in a classroom can, and indeed should, lead to better outputs. Better outputs – that is, better trained students – should then lead to better outcomes such as better employment opportunities. A balance between inputs and outputs is key. The Australian Qualifications Framework, as broad statements of what knowledge, competencies and skills are required for individual qualifications, is not the place to seek this balance.
- 3.92 The Australian Government should address ongoing concerns about the highly variable quality of training. Two approaches, encompassing the inputs side and the outputs side, are possible here, and may be applied differentially depending on particular circumstances.
- 3.93 On the inputs side, the development of national Training Packages warrants further attention. In an effort to create packages that are not overly prescriptive, it appears that ISCs create training packages that are in fact not prescriptive or precise enough.
- 3.94 There is clearly a wide range of contact hours, and a variety of training methods, that can be used to deliver a training package. Flexibility is important: but there should also be a greater level of prescription and precision whereby the relevant training required is, essentially, the same across all providers. The Commonwealth has a role to play here through its involvement in Standards for Training Packages.<sup>83</sup> National Training Packages are transitioning from the Training Package Handbook to the Standards with all Training Packages, to be reviewed and developed to meet the Standards by 31 December 2015.
- 3.95 This should lead to improvements in the practice of those RTOs who seek to provide a qualification in the lowest time allowed by national Training Packages and do not produce potential employees with the skills required by industry.
- 3.96 The Australian Government, through the Standards for national Training Packages, could seek to ensure that a greater level of prescription and precision around competencies is included within national Training

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83 NSSC, 'Standards for training packages', <[http://www.nssc.natese.gov.au/training\\_packages/standards\\_and\\_policies/standards\\_for\\_training\\_packages](http://www.nssc.natese.gov.au/training_packages/standards_and_policies/standards_for_training_packages)> viewed 24 October 2014.

Packages. This would serve to mitigate some of the systemic problems identified by ASQA. With a more prescriptive training regime ASQA would have the regulatory resources to audit and, if necessary, de-register non-compliant RTOs.

- 3.97 On the outputs side, the Committee is mindful of the evidence on the desirability of output assessment. In this space, there would be merit in tasking ASQA, or relevant state authorities, to develop more output-based measures focusing on assessment of skills acquired.

## **Recommendation 2**

**That the Australian Government addresses ongoing concerns about the highly variable quality of training. Two approaches are possible and may be applied differentially depending on the particular circumstance:**

- **seeking a greater level of prescription and precision around national Training Packages; or, alternatively,**
- **tasking the Australian Skills Quality Authority, or relevant state authorities, to develop more output-based measures that focus on assessment of skills acquired.**



## TAFE pathways to employment and university

- 4.1 The importance of Vocational Education and Training (VET) in providing pathways to employment and university education was well documented in the evidence received throughout the inquiry.
- 4.2 As the major public VET provider, TAFE has a responsibility to provide opportunities to increase skills and improve prospects for work and accessing university education. The pathways that TAFE provides are linked with the particular issues that many prospective and current TAFE students face.
- 4.3 Of the 6 635 responses to the Committee's online survey, numerous respondents indicated that TAFE has been of benefit to their personal situation and has enabled them to gain employment or continue onto further education. A selection of comments from the survey expressing these benefits is included in Figure 4.1.
- 4.4 This chapter details TAFE's role in providing pathways for employment and university education, and also identifies the further community support provided by TAFE in respect of opportunities for those in positions of disadvantage and vulnerability.

Figure 4.1 Committee survey responses: Respondents comments on the personal benefits of TAFE

Q18. Has your experience with TAFE been of any benefit to your personal situation?

Please tell us why.

*Yes. It enabled me to gain employment. And it enabled me to retrain to a completely different career after I was made redundant. It gave me many life skills along the way.*

*Yes, my TAFE course was not only a professional development opportunity but a personal development one.*

*Through doing Women's Ed at TAFE, I have gained a huge amount of self confidence, I believe in myself, and I am able to continue to look ahead towards a better future for my son and myself.*

*It greatly improved my confidence and employability post-school as I had learning difficulties and no career mentor.*

*Attending TAFE gave me a second chance, lifted my confidence and gave me employment*

*It had helped me ease into society having mental issues such as depression, PTSD, anxiety and other mental illness it has helped*

*It was the start I needed. It gave me practical skills which were very valuable to my successful career. I am now a business owner and send all my trainees to TAFE*

*I was a sole parent depending for all my income on parenting payment single. I gained part-time employment within 3 months of completing my diploma and by the time my child was in high school I was employed full time and no longer a [C]entrelink client*

Source: Education and Employment Committee online student survey (see Appendix D)

## National Partnership Agreement on Youth Attainment and Transitions

- 4.5 The Council of Australian Governments (COAG) National Partnership Agreement on Youth Attainment and Transitions was developed in recognition of a mutual interest between the Commonwealth, states and territories in improving the engagement of young people aged between 15 and 24 with education, training and employment.<sup>1</sup>
- 4.6 As outlined in Chapter 2, the purpose of the partnership is to strengthen the education and skills outcomes of young Australians in order to support pathways and future economic productivity. The agreement was due to expire as of 31 December 2013, however, the 2013-2014 Budget

1 Council of Australian Governments (COAG), *National Partnership Agreement on Youth Attainment and Transitions*, Clause 6, [http://www.federalfinancialrelations.gov.au/content/npa/skills/youth\\_attainment\\_transitions/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/youth_attainment_transitions/national_partnership.pdf) viewed 24 October 2014.

allocated an additional 12 months funding giving a new expiry date of 31 December 2014.<sup>2</sup> The agreement's main objectives are to contribute to the following outcomes:

- increased participation of young people in education and training;
- [for] young people to make a successful transition from school to further education, training or full-time employment; and
- increased attainment of young people aged 15-24 including Indigenous youth.<sup>3</sup>

4.7 The agreement consists of a mix of shared and individual Commonwealth, state and territory responsibilities in, for example, providing access to and places for education; funding for new and existing programs; and the provision and delivery of programs.

## TAFE pathways to employment

4.8 There is a strong link between education and training, and employability, as noted by Dr Caroline Smith, Deputy Chief Executive Officer of the National Employment Services Association:

There is a clear correlation between educational achievement and labour force participation. For example, almost nine out of 10 people of working age with a non-school qualification, or 86.2 per cent, were in the labour force in 2001, compared with seven out of 10, or 68.9 per cent, of those without a post-school qualification.<sup>4</sup>

4.9 As the Good Shepherd Youth and Family Service put it, 'economic participation is a key to long-term positive life outcomes and ... gaining a vocational qualification is a vital step along this path'.<sup>5</sup>

4.10 The value of TAFE in providing pathways to employment was affirmed in responses to the Committee's online survey. Just over 64 per cent of respondents indicated that the purpose of their study at TAFE (past, current or planned) was as a pathway to employment.<sup>6</sup>

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2 Australian Government, 'Budget 2013-14, Part 2: Expense measures, Youth Attainment and Transitions – extension', <[http://www.budget.gov.au/2013-14/content/bp2/html/bp2\\_expense-09.htm](http://www.budget.gov.au/2013-14/content/bp2/html/bp2_expense-09.htm)> viewed 24 October 2014.

3 COAG, *National Partnership Agreement on Youth Attainment and Transitions*, Clause 16, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/youth\\_attainment\\_transitions/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/youth_attainment_transitions/national_partnership.pdf)> viewed 24 October 2014.

4 Dr Caroline Smith, Deputy Chief Executive Officer, National Employment Services Association (NESA), *Committee Hansard*, Melbourne, 15 April 2014, p. 1.

5 Good Shepherd Youth and Family Service, *Submission 29*, p. 1.

6 Education and Employment Committee online student survey (see Appendix D).

- 4.11 There was also clear recognition in other evidence of TAFE's importance in this context. The St Vincent de Paul Society National Council stated that:

For many Australians, TAFEs may accurately be described as an essential rung in their educational ladder. They provide an invaluable pathway to employment for many trying to enter or re-enter the workforce for various reasons, including many vulnerable groups for who the Society supports, for example single parents, unemployed people, migrants and refugees, those with mental or physical disabilities, older Australians in poverty, and ATSI people.<sup>7</sup>

- 4.12 Mr Stephen Bolton, Senior Advisor, the Australian Chamber of Commerce and Industry (ACCI), acknowledged the particular importance of TAFE and other non-commercial Registered Training Organisations (RTOs) in providing employment pathways as compared to commercial providers:

TAFEs, along with many not-for-profit training organisations and some commercial RTOs, or registered training organisations, have often provided the first stepping stones along the path to employment for many of our most vulnerable members of the community. Language, literacy and numeracy programs, work readiness courses, basic vocational skills courses and pre-apprenticeship training have started many Australians on the pathway to sustainable employment. There is often little commercial incentive for training providers to offer these types of courses and, without public funds being made available to support these programs, there is a danger that many people may not find the pathway to sustainable employment open to them.<sup>8</sup>

- 4.13 LeadWest noted similarly:

The TAFE system has emphasised the idea of developing skills 'pathways' (with a focus on building skills that will deliver long term outcomes for individuals). While a similar service is provided by some of the community-based Registered Training Organisations (RTOs), such as the Brotherhood of St Laurence or Mission Australia, there is little incentive for commercial private providers to do deliver the same. They are only reimbursed for

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7 St Vincent de Paul Society National Council, *Submission 12*, p. 5.

8 Mr Stephen Bolton, Senior Advisor, Employment Education and Training, Australian Chamber of Commerce and Industry (ACCI), *Committee Hansard*, Canberra, 4 June 2014, p. 1.

delivery of certificates, not for supporting the building of educational and skills development pathways.<sup>9</sup>

- 4.14 TAFE offers a crucial alternative to tertiary education for those who seek careers in trades or related fields. The value of such skilled positions to the economy is clear, and was affirmed in the evidence. As Professor Scott Bowman, Vice-Chancellor and President, CQ University, stated, 'we need to value the diesel fitter as much as the physiotherapist ... we need diesel fitters just as much as engineers.'<sup>10</sup>
- 4.15 TAFE provides significant pathway options for mature-age learners, who benefit from TAFE's ability to provide training and skills at various levels for those with differing needs. Mature-age students constitute a significant cohort within VET; according to the National Centre for Vocational Education Research (NCVER), in 2010 just over half (50.9 per cent) of equivalent full-time VET students were aged 25 and over, with 34.7 per cent in the 25–44 age bracket.<sup>11</sup>
- 4.16 TAFE is also instrumental in providing employment pathways for school students who choose not to follow a tertiary route. It was noted in the evidence that schools work closely with TAFE Institutes in promoting pathways for students transitioning out of schooling and into the workforce. For example Mr Harry Pasich, Vocational Education and Training Coordinator, Morley Senior High School, stated that the school:
- ... prepare[s] for TAFE and employment. We collaborate with TAFE just as we do with universities and the employers to prepare our students for an efficient, effective and hopefully successful transition to higher training and employment.<sup>12</sup>
- 4.17 One school indicated, however, that recognition of the TAFE pathway for school students does not appear to match recognition of the pathway to tertiary education:
- ... our school based apprenticeship program is a great success in our school. Most of our kids that are doing their last year of schooling do not finish the year with us, which is fantastic,

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9 LeadWest, *Submission no. 23*, p. 2

10 Professor Scott Bowman, Vice-Chancellor and President, CQ University, *Committee Hansard*, Canberra, 25 June 2014, pp. 2-3.

11 National Centre for Vocational Education Research (NCVER), *Tertiary education and training in Australia 2010*, p. 12, < <http://www.ncver.edu.au/wps/wcm/connect/03dc5705-2051-48a0-bf07-0fbcff210008/2010-Tertiary-education-training-2489.pdf?MOD=AJPERES&CACHEID=03dc5705-2051-48a0-bf07-0fbcff210008> > viewed 24 October 2014.

12 Mr Harry Pasich, Vocational Education and Training Coordinator, Morley Senior High School, *Committee Hansard*, Perth, 13 June 2014, p. 2.

because they are picking up employment through school based apprenticeships. More and more, those numbers are leaving us. It is almost becoming an aim of ours now that those kids do not finish the year with us – that they get so entrenched with the employer on that one day a week that they are working with them that, at some stage through the year, they have picked up a job. Again I think it is about making it clear what the pathways are. The pathway to university is very clear, and I think families understand that. I do not think families or students understand the current pathway in TAFE and where that fits in.<sup>13</sup>

- 4.18 The impact of current state/territory VET funding models in relation to TAFE as provider of employment pathways was raised in the evidence. In its submission TAFE Directors Australia (TDA) outlined the structure of the current VET funding approach:

The current funding approach is managed by state and territory jurisdictions, on a nominal hour pricing structure per student. This means that completion of a unit of competency attracts funding calculated by the agreed nominal hours at the specified rate. This rate is now set as a contribution to the cost of a student's training and in no case does the contribution cover the full cost. The actual rate is based on the assessed need for those skills as determined by state government agencies.<sup>14</sup>

- 4.19 Mr Tony Kennedy, Chief Executive Officer, IndustryLink, suggested that this approach can impact negatively on TAFE's role in providing pathways to employment due to an imperative to maintain class numbers:

When employers look to TAFE and say, 'Have you got anyone,' the TAFE says no, because if the students do not finish the class that class will not exist next semester and the person will be out of a job. That is a crazy system. That teacher should be on everyone's shoulders at the end of the semester. People should ask, 'How many of your 20 students finished the class?' 'None of them; they've all got jobs.' But that is not how it works. The TAFEs keep them in there and shield them from employers.<sup>15</sup>

- 4.20 In its evidence the Australian Government Department of Industry indicated the Government's intention to raise this issue with the states and territories:

13 Mr Michael Chalkley, Principle, Catholic College Bendigo, *Committee Hansard*, Bendigo, 16 April 2014, p. 30.

14 TAFE Directors Australia (TDA), *Submission 70.2*, p. 2.

15 Mr Tony Kennedy, Chief Executive Officer, IndustryLink, *Committee Hansard*, Launceston, 30 April 2014, p. 47.

The Government is concerned that current payment arrangements may prioritise enrolment at the expense of completion and the ultimate outcome of a job relevant to the training, and will be holding discussions with States and Territories to examine options in this area.<sup>16</sup>

## Examples of specific pathways

### Foundation skills for employment

4.21 A lack of the basic foundation employment skills (dressing appropriately for work, punctuality, social etiquette, basic computer skills and so on) can be a barrier to employment or further education. For people in this position, TAFE can provide, through qualifications such as Certificate I and II, basic foundation skills and even the confidence to continue education in order to transition to employment or further training.

4.22 Ms Jennifer Field, Board Member, Australian Council for Private Education and Training (ACPET), indicated the importance of foundation training in relation to the VET sector as a whole:

... we will always have a marginalised group of students who will forever need a cert I or cert II qualification. It is more than just the training and the skills that they develop; it is the confidence that they develop ... Certainly we always think of cert I as a stepping stone to something else.<sup>17</sup>

4.23 As the public training provider, it is vital that TAFE continues to teach foundation skills, providing pathways to opportunities that benefit the whole community.<sup>18</sup>

4.24 The Metropolitan South Institute of TAFE commented on the impact of VET policy and funding decisions on the resourcing and delivery of courses below the Certificate III level such as foundations skills courses:

It is imperative that the foundation skills and opportunities for those who see VET as a second chance in education are seen as an integral part of student success and funded accordingly. The policy focus on Certificate III and above is significantly reducing the availability and resourcing of lower level courses for adult learners ... For students who experience learning difficulties,

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16 Australian Government, Department of Industry, *Submission 186.1*, p. 5.

17 Ms Jennifer Field, Board Member, Australian Council for Private Education and Training (ACPET), *Committee Hansard*, Melbourne, 15 April 2014, p. 49.

18 Mr Adrian Marron, Member, TDA, *Committee Hansard*, Canberra, 16 July 2014, p. 4.

foundation skills and bridging courses are essential to developing their level of skill and confidence.<sup>19</sup>

### Language, literacy and numeracy

- 4.25 Related to the development of foundation skills, language, literacy and numeracy (LLN) issues were raised a number of times in the evidence. The instance of illiterate and innumerate students entering vocational education is a continuing challenge for teachers. As the public provider, TAFE has a community role in providing LLN assistance to students to enhance their ability to enter/re-enter the workforce or continue on to further education.
- 4.26 Concern was expressed over illiteracy and innumeracy rates and the effect of this on students' ability to learn and gain subsequent employment. Mr Robert Paton, Chief Executive Officer, Manufacturing Skills Australia stated that:
- A significant proportion – 40 per cent or more – of the Australian workforce do not hold a post-school qualification. They are obviously skilled because they are holding down productive jobs, but their skills are not recognised. Another more damning fact is that 40 per cent or more do not have the required language, literacy and numeracy skills that they need to operate in society and in jobs now and in the future.<sup>20</sup>
- 4.27 Mr Geoff Fader, Executive Officer, Group Training Association Tasmania Incorporated, also stated that:
- ... two out of every three applicants for apprenticeships are unemployable simply because their literacy and numeracy are such that they would be a danger to themselves and others in the workplace. You may be surprised, but it is not really surprising when data prepared by the Australian Bureau of Statistics tells us that 51 per cent of 15- to 19-year-olds are leaving compulsory education while still functionally illiterate and 57 per cent while functionally innumerate.<sup>21</sup>
- 4.28 Mr Fader emphasised the fundamental importance of addressing LLN needs:

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19 Metropolitan South Institute of TAFE, *Submission 39*, pp. 5–6.

20 Mr Robert Paton, Chief Executive Officer, Manufacturing Skills Australia (MSA), *Committee Hansard*, Brisbane, 7 June 2013, p. 17.

21 Mr Geoff Fader, Executive Officer, Group Training Association (GTA) – Tasmanian Incorporated, *Committee Hansard*, Launceston, 30 April 2014, p. 44.

No matter how much money governments throw at providing training or retraining for these people, they will in the main remain unemployable without addressing their literacy and numeracy needs.<sup>22</sup>

- 4.29 Delivery of basic LLN training and development is primarily delivered through foundation programs such as that offered through the Foundation Studies Section of the Sydney Institute of TAFE, Ultimo campus. As noted by Ms Kristen Highet of the Institute, the Foundation Studies Section:

... provides an entry point for many students who need to develop their literacy and numeracy skills before they are able to enter vocational programs. This may include people who are changing jobs, upgrading current skills or people who are seeking work and did not, for a variety of reasons, develop these skills during their schooling.<sup>23</sup>

- 4.30 For industry, training in respect of LLN needs is a critical part of the service TAFE provides. REDARC Electronics, for example, has engaged with TAFE to improve the LLN skills of its apprentices:

In the last three years we have engaged in the LLN program, and we had the adult national program launched at REDARC a couple of years ago. We have been involved in that program for three years. Our reason for getting involved was that we were taking young people from the southern suburbs of Adelaide – it does not matter where; it could be the western suburbs of Sydney – and we were finding that their mathematics skills, their ICT skills and their communications skills meant that they really struggled in an apprenticeship. So we engaged with TAFE as the provider of that LLN training.<sup>24</sup>

- 4.31 Mr Kevin Heys, Treasurer and Public Officer, Australian Vocational Education and Training Research Association (AVETRA), also recognised TAFE's importance in addressing the LLN needs of disadvantaged members of the community:

We are a multicultural society in Australia and a lot of people come due to displacement or because of family connections or from disruptions or in isolated areas and a lot of those people have not had the privilege of formal education ... [and] have not met

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22 Mr Geoff Fader, Executive Officer, GTA – Tasmanian Incorporated, *Committee Hansard*, Launceston, 30 April 2014, p. 44.

23 Ms Kristine Highet, Foundation Studies Section, Sydney Institute of TAFE, *Submission 149*, p. 1.

24 Mr Anthony Kittel, Managing Director, REDARC Electronics, *Committee Hansard*, Adelaide, 12 June 2014, p. 18.

the adult learning arena. ... [so they] will come back and say, 'I would like to go and learn to read. I am terribly embarrassed but I do not have any literacy skills. I want to go back to acquire some educative skills.' What TAFE has been able to do is be a public arena working across the whole spectrum.<sup>25</sup>

4.32 Migrants and those with English as a second language (ESL) are also assisted through LLN programs provided by TAFE. Manufacturing Skills Australia noted that 71 per cent of students from non-English speaking backgrounds chose TAFE as a provider of foundation education.<sup>26</sup>

4.33 The St Vincent de Paul National Society described how TAFE assists migrants in skills development and further education through foundation courses:

Recent migrants to Australia can also be tremendously helped by TAFE language and skills courses. The Society notes the Asylum Seeker Resource Centre's current 'Right to Work' campaign, to which the Society is a signatory, which makes the point that attending a TAFE course leads to employment, as well as a real sense of empowerment, for migrants needing a skills update.<sup>27</sup>

4.34 During an inspection of TAFE SA's Regency Campus in Adelaide, the Committee observed first-hand migrant and ESL students undertaking LLN foundation programs specifically designed to incorporate everyday activities, including workplace participation, into the curriculum. This comprised of work experience in a kitchen environment, with the aim of teaching effective communication within a hospitality workplace.

4.35 Dr Caroline Smith of the National Employment Services Association argued that TAFE should be strengthened specifically in respect of its foundation skills/LLN training role:

What we also know is that there are many people of working age falling through the training gaps – for example, in the areas of literacy and numeracy, which are considered to be key foundational skills. A key question is how we make sure we have the most sustainable, adaptive and productive workforce we can, and NESAs believes strengthening TAFE could go a long way to help answer that question.<sup>28</sup>

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25 Mr Kevin Heys, Treasurer and Public Officer, Australian Vocational Education and Training Research Association (AVETRA), *Committee Hansard*, Sydney, 8 April 2014, p. 3.

26 Mr Robert Paton, Chief Executive Officer, MSA, *Committee Hansard*, Brisbane, 7 June 2013, p. 17.

27 St Vincent de Paul National Council of Australia, *Submission 12*, p. 4.

28 Dr Caroline Smith, Deputy Chief Executive Officer, NESAs, *Committee Hansard*, Melbourne, 15 April 2014, p. 1.

## Mature age students

- 4.36 TAFE has been identified as a provider of second chance opportunities for mature workers facing career changes for reasons such as retrenchment or injury. The Blue Mountains TAFE Teachers Association, in their submission, provided the following example of this:

Geoff, aged 53, found that due to his age, re-entering the workforce after retrenchment was very difficult. He had no idea how to approach an interview, very limited computer skills and no knowledge of how to send resumes by email. Geoff completed an Outreach course which helped him to recognise his life skills and he also gained the skills he needed for employment, and as a result is now employed by Bunnings hardware store.<sup>29</sup>

- 4.37 A further example noted TAFE's provision of opportunities for a person who had left the workforce due to injury:

Kerrie had been a bricklayer all his working life when a back injury stopped him in his tracks. Kerrie joined an Outreach 'Introduction to Computers' class and when the term was over, progressed to the next step and enrolled in a small business course.<sup>30</sup>

- 4.38 The Australian Manufacturing Workers Union indicated that TAFE is a preferred option for retraining:

As a trusted and respected institution, TAFE has been able to engage effectively with our members, many of whom have bitter experience with redundancy in previous workplaces where the responses involved brigades of consultants and private training providers appearing with pre-determined solutions that generally involved generic training programs that made little difference to the employment mobility, or future prospects of our members.<sup>31</sup>

- 4.39 In an economic environment where there are manufacturing closures and significant redundancies, TAFE can be a lifeline to reskilling and providing new opportunities for mature age workers. The recent automotive industry closures in South Australia and Victoria, cannery closures in Victoria, and public service redundancies in Canberra, are all examples of circumstances where TAFE can be a crucial enabler for those looking to re-enter the workforce.

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29 Blue Mountains TAFE Teachers Association, *Submission 4*, p. 4.

30 Blue Mountains TAFE Teachers Association, *Submission 4*, p. 4.

31 Australian Manufacturing Workers Union, *Submission 16*, p. 6.

## Women

4.40 Women can face unique challenges that may lead to disadvantage in accessing education, training and skills development. Women who have cared for children, for example, may seek to enter/re-enter the workforce later in life where they face a lack of, or have outdated skills. Many women find that they lack the confidence, ability or funds to pursue education necessary for gaining employment and, therefore, feel marginalised.

4.41 Ms Linda Simon, National Convenor for Women in Adult and Vocational Education and Council Member, Economic Security4Women, recognised TAFE's importance in providing pathways for women, including via its linkages with community organisations:

TAFE has the capacity to provide pathways for women and less advantaged members of the community into education and training through its ability to work with community organisations. It can take entry level and early-access training programs into community settings and prevocational engagement strategies. It can provide quality career advice, social glue, community responsiveness, collaboration and capacity building.<sup>32</sup>

4.42 One striking example of TAFE's role in providing opportunities for women was provided by the Blue Mountains TAFE Teachers Association:

Julie entered the Outreach 'Work Opportunities for Women' course as a single mum with very few employment prospects. Nearly 10 years on, Julie has gained skills to be employed by a very large company, she has also returned to complete further qualifications to enable her to expand her role and act in higher positions.<sup>33</sup>

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32 Ms Linda Simon, National Convenor for Women in Adult and Vocational Education; Council Member, Economic Security4Women, *Committee Hansard*, Brisbane, 7 June 2013, pp. 25-26. See also Unions WA, *Submission 49.1*, p. 24.

33 Blue Mountains TAFE Teachers Association, *Submission 4*, p. 4. See also Australian Federation of Graduate Women Inc., *Submission 3*.

## University to TAFE

4.43 It was noted in the evidence that, at times, university graduates can require additional technical or practical training from TAFE to enhance their employability. Mr Kevin Heys of AVETRA noted that:

... there is a larger group of students who come back to TAFE from university than go from TAFE to university. What they are looking for is the hands-on, practical, applied skills.<sup>34</sup>

4.44 Mr Adrian Marron, Member, TDA, provided one specific example of a graduate who attended TAFE to gain practical skills:

We had an honours science degree candidate from ANU finish that and come back and do an apprenticeship in the electrical field. In fact she was the apprentice of the year a couple of years ago and now works for Actew AGL. I just wanted to also say that it is a two-way pathway. When we talk about pathways, that is an element that sometimes does not get the attention it deserves.<sup>35</sup>

4.45 Mr Anthony Kittel, Managing Director, REDARC Electronics, indicated that his company has utilised TAFE to train tertiary educated employees with basic trade skills:

Part of our training package in the last 12 months has been to put engineering-type people through lean manufacturing training, which essentially is stuff that they would learn in their trade qualifications. Again, we have engaged TAFE SA to provide that lean manufacturing training, and that is done in house.<sup>36</sup>

4.46 This type of need has led to some universities being approached by industry to incorporate more technical education in their degrees. Professor Bowman of CQ University stated that:

One of the things that industry really wants is for us to include skill sets in our degrees. There are a couple of examples. In engineering, the industry is saying: 'Could you do a certificate in project management as part of the engineering degree? Could you put a skills package in welding in the engineering degree?' One of the strange ones has been performing arts. Performing arts wants us to put in a certificate I in construction; they are making sets, so they look really glamorous up on stage, but when they come offstage and get a nail gun in their hand they look really scary, so

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34 Mr Kevin Heys, Treasurer and Public Officer, AVETRA, *Committee Hansard*, Sydney, 8 April 2014, p. 5.

35 Mr Adrian Marron, Member, TDA, *Committee Hansard*, Canberra, 19 March 2014, p. 2.

36 Mr Anthony Kittel, REDARC Electronics, Managing Director, *Committee Hansard*, Adelaide, 12 June 2014, p. 20.

we are teaching them how to use the nail gun, and it might just give them the edge. If everything else is equal, then that might get them the job.<sup>37</sup>

- 4.47 Ms Pyne of Barrier Reef Mount Isa and Tropical North Institute of TAFE advocated for the incorporation of vocational skills in university courses:

They graduate with a degree but then have to supervise a whole lot of people who have more skills in building and construction than they do. Sometimes this is called reverse articulation. I do not think that is the right terminology, but universities need to be incorporating more of those vocational skills in programs like engineering.<sup>38</sup>

## Partnerships

- 4.48 Partnerships, particularly between industry and TAFE, form an important part of the provision of pathways to employment for TAFE students. Industry can utilise TAFE resources in order to meet its training needs, develop employees, and identify qualification benchmarks for recruitment. Such partnerships also provide students with opportunities to learn in an environment that has industry support and the potential for outcome-based employment.
- 4.49 The Committee had the opportunity to see an example of a partnership – the industry-supported Central Underground Training (CUT) mine – during its inspection of the Central Institute of Technology in Perth. The CUT mine was purpose-built to provide a simulated training experience for the mining industry, which provided advice, sponsorship and donations of equipment for the mines development. Initiatives such as this provide realistic training experiences and a benefit to industry due to the outcome of increased student capability.
- 4.50 Mining industries have also been involved with TAFE Institutes in other partnership agreements, such as with the Durack Institute, to boost employment opportunities for women and Aboriginal people within the mining sector. Mr Emmanuel Hondros, Manager, People Strategies, Chamber of Minerals and Energy Western Australia stated that:
- Certainly industry has looked at broadening its pool of people who would perhaps traditionally not have been involved in the sector. There are numerous instances of apprenticeship and

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37 Professor Scott Bowman, Vice-Chancellor and President, CQ University, *Committee Hansard*, Canberra, 25 June 2013, p. 4.

38 Ms Joann Pyne, Director, Barrier Reef Mount Isa and Tropical North Institute of TAFE, *Committee Hansard*, Townsville, 7 May 2014, p. 4.

traineeship programs that have targeted women and targeted Aboriginal people. Up in the Durack Institute in Geraldton in the mid-west of WA there has been a program which won the WA Training Initiative Award last year at the state training awards, which was focused on Aboriginal people and getting into the maritime industry to service the oil and gas sector ... As part of Central Institute there was a fast-track program for Aboriginal women, which was with the involvement of industry, Rio Tinto and Macmahon. It was pulled together through the state Resources Industry Training Council. That program looked at pre-employment, personal development skills and technical skills ... Out of that program we had two Aboriginal leaders from Central Institute mentoring and facilitating, and 10 women progressed into traineeships with Rio Tinto and Macmahon out that sort of program.<sup>39</sup>

- 4.51 Mr Steven Balzary, Employment Education and Training Consultant, Restaurants and Catering Australia, gave another example of the hospitality industry working with several TAFE Institutes in providing pathways for employment for TAFE students:

We are actually working, and have selected public providers to work with, across the country. Going around the eight we are working with, they are: Far North Queensland, Southbank, North Sydney, Western Sydney, William Angliss, Regency and Challenger. We have chosen those eight institutes because, obviously, from our point of view, they are leaders in the industry in the public arrangement. We are doing that in introducing a number of new pathways.<sup>40</sup>

- 4.52 In some cases, TAFE is the only option for industry to obtain training due to the large amount of necessary capital, and the changing nature of industry requirements. The Australian Submarine Corporation (ASC), for example, partners with TAFE SA to provide capability screening to potential recruits, as well as training for the ongoing development of employees. Mr Christian Hamilton, Workforce Capability Manager, ASC, stated that:

For its part, TAFE SA is considered by ASC as a vital component to our workforce development. TAFE accounts for approximately one in every four dollars that ASC has spent on training since

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39 Mr Emmanuel Hondros, Manager, People Strategies, Chamber of Minerals and Energy Western Australia, *Committee Hansard*, Perth, 13 June 2014, p. 21.

40 Mr Steven Balzary, Employment, Education and Training Consultant, Restaurants and Catering Australia, *Committee Hansard*, Adelaide, 12 June 2014, p. 25.

2012. As such, ASC has taken a particular interest in its performance. I think the reason for this interest is best illustrated by the critical role that TAFE has played in the creation of the air warfare destroyer workforce. If taken in isolation, TAFE has delivered approximately 56 per cent of the total training that the air warfare destroyer workforce has undertaken.<sup>41</sup>

- 4.53 Mr Anthony Kittel of REDARC Electronics supported the important relationship between industry and TAFE in providing pathways to employment and ongoing development:

In South Australia, Regency TAFE is the only place for us to train our electro-technology apprentices. There is no private provider that can provide any of that training, and we have been doing that since I have been in business. I have owned the company now for 17 years. Without TAFE in South Australia or the Regency electronics school, our company would not be here. It would be in Florida, or it would be in North Carolina, or somewhere else like that. So, TAFE is absolutely critical.<sup>42</sup>

- 4.54 Some disparities were noted between industry and TAFE, however, for example regarding industry requirements for responsiveness to changing operating environments. Mr Hamilton, ASC, noted that:

There is almost certainly a lag, if you like, between our ability to identify and to seek to utilise the technology – for example, within our shipyard – and the VET system's ability, through both training packages and non-accredited training, to actually catch up.<sup>43</sup>

- 4.55 Ms Jan Davis, Chief Executive Officer, Tasmanian Farmers and Graziers Association Industry, further indicated that there are challenges in overcoming stereotyped perceptions of certain industry sectors (for example agriculture) within the TAFE environment.<sup>44</sup>

- 4.56 Partnerships between non-industry organisations and TAFE can also provide valuable pathways for employment. Dr Kay Cuellar, Senior Manager, Sentence Management and Industries, Tasmania Prison Service, outlined the evolving relationship between TAFE and Tasmania's Risdon Prison in providing pathway opportunities for inmates:

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41 Mr Christian Hamilton, Workforce Capability Manager, Australian Submarine Corporation (ASC), *Committee Hansard*, Adelaide, 12 June 2014, p. 9.

42 Mr Anthony Kittel, Managing Director, REDARC Electronics, *Committee Hansard*, Adelaide, 12 June 2014, p. 18.

43 Mr Christian Hamilton, Workforce Capability Manager, ASC, *Committee Hansard*, Adelaide, 12 June 2014, p. 10.

44 Ms Jan Davis, Chief Executive Officer, Tasmanian Farmers and Graziers Association, *Committee Hansard*, Launceston, 30 April 2014, p. 2.

Essentially, we believe that education and training provide a really critical pathway for us to assist offenders to desist from offending and to help them reintegrate back into the community. We feel that increasing their exposure to education and training and their level of employability into the future is really critical for them and for assisting them to participate more fully as a member of the community. We are currently in a process of putting together a partnership with the Department of Education and TasTAFE. We are essentially asking TasTAFE to take carriage of the delivery of education and training into our prisons because we feel they are experts in the field where we are not and that we will get much better outcomes in terms of the pathways for education and training for offenders in our facilities.<sup>45</sup>

## TAFE pathways to university

4.57 TAFE can be a second chance at education. For those that were not able to finish school, have tertiary entrance ranks that are too low, are disadvantaged, or are disabled, TAFE can provide the opportunity for an educational foundation leading to university entrance. As the Australian Education Union (NSW Branch) stated:

TAFE has a long tradition of giving people a 'second chance' at education, and the possibility of life-long education as well as expert training to keep our communities running.<sup>46</sup>

4.58 While employment may be a major motivator for TAFE education, just over 19 per cent of respondents to the Committee's online survey indicated that the purpose of their study at TAFE (past, current or planned) was as a pathway to further education.<sup>47</sup> According to NCVER, in 2011 some 13 per cent of VET graduates were enrolled in associate, bachelor, or higher degrees, or in diplomas or advanced diplomas.<sup>48</sup>

4.59 It was noted in evidence that TAFE is the traditional provider of further education pathways. Mr Kevin Heys of AVETRA stated that:

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45 Dr Kay Cuellar, Senior Manager, Sentence Management and Industries, Tasmanian Prison Service, *Committee Hansard*, Launceston, 30 April 2014, p. 29.

46 Australian Education Union (AEU) (NSW Branch), *Submission 8*, p. 3.

47 Education and Employment Committee online student survey (see Appendix D).

48 NCVER, *Tertiary education and training in Australia 2010*, p. 24, <<http://www.ncver.edu.au/wps/wcm/connect/03dc5705-2051-48a0-bf07-0fbcff210008/2010-Tertiary-education-training-2489.pdf?MOD=AJPERES&CACHEID=03dc5705-2051-48a0-bf07-0fbcff210008>> viewed 24 October 2014.

TAFE has a very proud history in diploma-equivalent certificates, diploma-entrance certificates, entry-level Higher School Certificates and Tertiary Preparation Certificates so that people can go into that type of education at a university level having the competencies and the skills that equip them to become very positive learners in that sort of domain.<sup>49</sup>

- 4.60 For disadvantaged students, TAFE can provide an important foundation for tertiary success:

... students regarded their prior TAFE studies as a major enabler of success at university. This allows us to highlight the importance of the work of TAFE in support of low-SES background students for higher education equity.<sup>50</sup>

- 4.61 According to one study, often people from disadvantaged backgrounds have felt that, while university is perceived as 'elitist' and not for someone of their social standing, TAFE has been able to give them confidence and skills to break down those barriers.<sup>51</sup> A statement by a university to TAFE student sums up this experience with TAFE in preparation for university:

... so I think there can be a bit of a perception that TAFE's sort of down here and Uni's up there, but having studied at both I feel that this course has ... really prepared me well for uni studies ... I feel quite confident about it ...<sup>52</sup>

- 4.62 Employees can also find pathways to university through TAFE. Mr Anthony Kittel of REDARC Electronics elaborated in relation to one employee:

He dropped out after first year, did a couple of things in between, then applied for a job with us. We said, 'Look, if you join us, we would need you to go to TAFE to do an apprenticeship.' He was more than happy to do that because he just felt that university was a bit of a step jump for him and he wanted to start from the base, so he went through his trade. Then he did his advanced diploma. We were talking about him showing a real aptitude to grow and develop, so what was next. In conversation with TAFE we worked out that he could go on and do an associate degree at Flinders

49 Mr Kevin Heys, Treasurer and Public Officer, AVETRA, *Committee Hansard*, Sydney, 8 April 2014, p. 2.

50 The Deakin University Social Work/Gordon TAFE Community Services Work Geelong Based Project Team, *Submission 45*, p. 5.

51 The Deakin University Social Work/Gordon TAFE Community Services Work Geelong Based Project Team, *Submission 45*, p. 12.

52 The Deakin University Social Work/Gordon TAFE Community Services Work Geelong Based Project Team, *Submission 45*, p. 12.

University, and he is now halfway through that. Just this year he got Chancellor's letter of commendation in the second year of his associate degree. So, here is someone that dropped out of university, got a base qualification, saw that there as a career path and that TAFE could help him get into that, and now he is back at university.<sup>53</sup>

- 4.63 While the direct pathway from TAFE to university is still present, evidence suggests that this is not the only route. As Mr Stephen Bolton of ACCI noted in relation to VET more broadly:

Vocational education and training is now, for many individuals, the first step to obtaining a university education. However, the pathway from vocational education and training into university is not linear. There is no set pathway or holistic approach that facilitates the move from VET to university...<sup>54</sup>

- 4.64 It is also worth acknowledging that TAFE does not necessarily have to be only a staging-point to university for obtaining tertiary qualifications. Some TAFEs, as noted by Ms Kaylene Harth, Board Member, TDA, are themselves offering tertiary qualifications:

There are a small but growing number of TAFE Institutes that are offering higher-education qualifications, including bachelor degrees. Students, many of them first in family, from low-SES backgrounds and regional and remote backgrounds, are achieving higher-education qualifications that it is doubtful could have been achieved through a university pathway.<sup>55</sup>

- 4.65 NCVER has also noted that 'there is overlap between VET and higher education in qualifications delivered at diploma, associate degree, advanced diploma, bachelor degree, graduate certificate and graduate diploma levels'.<sup>56</sup> In its evidence the National Tertiary Education Union noted 'increasing competition between public universities and TAFE Institutes especially at the diploma and advanced diploma level'.<sup>57</sup>

53 Mr Anthony Kittel, REDARC Electronics, Managing Director, *Committee Hansard*, Adelaide, 12 June 2014, pp. 19-20.

54 Mr Stephen Bolton, Senior Advisor, Employment, Education and Training, ACCI, *Committee Hansard*, Canberra, 4 June 2014, p. 1.

55 Ms Kaylene Harth, Board Member, TDA, *Committee Hansard*, Brisbane, 7 June 2013, p. 2.

56 NCVER, *Tertiary education and training in Australia 2010*, p. 8, <<http://www.ncver.edu.au/wps/wcm/connect/03dc5705-2051-48a0-bf07-0fbcff210008/2010-Tertiary-education-training-2489.pdf?MOD=AJPERES&CACHEID=03dc5705-2051-48a0-bf07-0fbcff210008>> viewed 24 October 2014.

57 National Tertiary Education Union (NTEU), *Submission 38*, p. 2.

- 4.66 Students are also attending TAFE post university; just over 37 per cent of respondents to the Committee's online survey who were previous, current or future TAFE students held undergraduate or postgraduate qualifications.<sup>58</sup>
- 4.67 Many universities are working in partnerships with TAFE Institutes to support student pathways to tertiary education. The 'Tertiary Enabling Program' run by Bendigo TAFE and La Trobe University is an example of this:
- [With this program] the students work one day a week at the TAFE and one day a week at the university. Their involvement is about building the seamless pathways in terms of confidence and awareness of what is available and an ability to learn the cultures of tertiary education. These things are a little bit intangible but they are the critical things when it comes to the student perspective – and I think the student perspective is really important. We work very hard to ensure that students and the people of Bendigo – parents, employers, teachers – understand that TAFE is a valid first choice pathway for many students. University is not for everybody, and it does not always work straight out of school. So understanding that TAFE is a valid first choice pathway is an important part ...<sup>59</sup>
- 4.68 The Box Hill Institute in Melbourne continues to strengthen its partnerships with Australian Catholic University, Monash, Deakin, and LaTrobe universities in order to provide greater pathway options for students; for example, guaranteed entry, joint curriculum delivery and design, and industry partnerships.<sup>60</sup>
- 4.69 Tertiary institutions such as CQ University and Victoria University, which have amalgamated with TAFE or supply services to TAFE, provide students who would not otherwise attend or would be intimidated by university with the opportunity for exposure. This presents advantageous pathways for students from TAFE to university by breaking down barriers – a particular advantage for low socio-economic or ESL groups. Moreover, this type of collaboration provides opportunities for both institutions in reducing the duplication of infrastructure.<sup>61</sup>

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58 Education and Employment Committee online student survey (see Appendix D).

59 Ms Catherine Farrell, Project Coordinator, Bendigo Tertiary Education Partnership, La Trobe University, *Committee Hansard*, Bendigo, 16 April 2014, p.4.

60 Box Hill Institute, *Submission 40*, p.6.

61 Brimbank Social Justice Coalition and Brimbank City Council, *Submission 27*, p. 7.

- 4.70 Some evidence, however, suggested that relationships between universities and TAFEs in providing pathways could be improved. Mr Christian Hamilton of ASC envisaged a lesser degree of differentiation between universities and VET:

There have previously been models, or certainly attempts in Australia, to get universities and TAFEs to partner. Some have been successful; some have not. However, rather than differentiating between universities and VET the logical solution is that they are ostensibly one piece of infrastructure rather than two. It is too easy to play demarcation against each other – as I said before, where TAFE finishes and university begins. I am not suggesting by any stretch that that is not a contentious option but, for as long as that exists, there is an opportunity to suggest that that will be where the turf war is.<sup>62</sup>

- 4.71 In Tasmania, according to Mr Paul Murphy, Acting Deputy Secretary, Skills, Communities, International Education Services, Department of Education Tasmania, TAFE is not as involved in the pathway to university:

Most students who wish to get to university will tend to go directly to the university through a foundation program rather than to make a conscious decision to go through a VET program. I think that is probably unique to Tasmania, because the university in Tasmania is more than capable of picking up most of the demand.<sup>63</sup>

- 4.72 The impact of current state/territory VET funding models in relation to TAFE as provider of pathways to tertiary education was raised in the evidence. Professor John Rosenberg of La Trobe University contended that ‘there is a serious disconnect between the TAFE system and the university system’, and that, in Victoria, the transition from TAFE to university is difficult due to the funding structure that is in place:

I have to say that the few students who have actually managed to go from TAFE to university have had to work hard to achieve that goal, because it is not easy. It is not easy for a number of structural reasons. The funding models are very different. Now in Victoria in particular there are some strange transition rules about which direction you can move. I should say that we believe there is good

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62 Mr Christian Hamilton, Workforce Capability Manager, ASC, *Committee Hansard*, Adelaide, 12 June 2014, p. 14.

63 Mr Paul (Ciaran) Murphy, Acting Deputy Secretary, Skills, Communities, International Education Services, Department of Education, Tasmania, *Committee Hansard*, Launceston, 30 April 2014, p. 29.

opportunity for students to move both from TAFE to university and from university to TAFE, but that direction now is very difficult because of the funding regime in this state.<sup>64</sup>

4.73 Mr Peter Crocker of Concerned Vocational Educators submitted that:

The interface between University and VET programs suffers generally from the differences in funding access and regulation applying to each sector.<sup>65</sup>

4.74 In its submission the National Tertiary Education Union also raised the impact of funding structures on student choice:

Student choices should be based on their aspirations and merit without being distorted by financial considerations because of inconsistent policy and funding frameworks between HE and VET or in different States or Territories.<sup>66</sup>

## Community support

4.75 TAFE has an intangible, but highly significant, community support role as a provider of opportunities for those in positions of disadvantage and vulnerability, whether for employment, accessing mainstream education, or improving life/social circumstances. This was a clear message in evidence to the inquiry, including responses to the Committee's online student survey as shown in Figure 4.2.

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64 Professor John Rosenberg, Senior Deputy Vice-Chancellor, La Trobe University, *Committee Hansard*, Bendigo, 16 April 2014, p. 4.

65 Concerned Vocational Educators, *Submission 176*, p. 7.

66 NTEU, *Submission 38*, p. 2.

Figure 4.2 Committee survey responses: Respondents comments on the support offered by TAFE

**Q18. Has your experience with TAFE been of any benefit to your personal situation?**

**Please tell us why.**

*It greatly improved my confidence and employability post-school as I had learning difficulties and no career mentor.*

*It had helped me ease into society having mental issues such as depression, PTSD, anxiety and other mental illness it has helped*

*I was a sole parent depending for all my income on parenting payment single. I gained part-time employment within 3 months of completing my diploma and by the time my child was in high school I was employed full time and no longer a [C]entrelink client*

Source: Education and Employment Committee online student survey (see Appendix D)

4.76 The NSW Greens identified the special value of TAFE to the community and outlined its importance in terms of reducing socio-economic disparities:

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.<sup>67</sup>

4.77 The Brimbank Social Justice Coalition and Brimbank City Council also noted the broader societal benefits of VET:

Enabling further educational engagement, such as that provided through vocational education has considerable flow on benefits; to others in the family and their educational outcomes, broader participation and citizenship engagement, personal fulfilment and improved health outcomes; in fact the broad range of benefits that flow from higher socio economic status.<sup>68</sup>

4.78 National trends based on NCVET research indicate that the majority of people who attend vocational training institutions are:

... more likely to be older, indigenous, have a disability, reside in outer regional, remote or very remote regions, be from a non-English speaking background and experience greater levels of

67 Greens NSW, *Submission 15*, p. 1.

68 Brimbank Social Justice Coalition and Brimbank City Council, *Submission 27*, p. 2.

relative socio-economic disadvantage compared to those undertaking higher education qualifications.<sup>69</sup>

- 4.79 In comparison to private sector providers, TAFE has a higher ratio of disabled and disadvantaged students and is commonly the main provider of VET education for rural and remote areas.<sup>70</sup> In its submission the Blue Mountains Community Sector noted that, while some private RTOs offer educational opportunities for vulnerable people within the community, TAFE is still the majority provider:

... TAFE has community service obligations (access and equity measures). Other RTOs are not required to demonstrate the same level of commitment to ensuring that the most vulnerable in our community get the support and encouragement they need to engage in, and persevere with, study. To this point, TAFE fees have also been proportional to the ability to pay, and taken account of the fact that many of those commencing vocational training pathways are not in a position to pay high fees.<sup>71</sup>

- 4.80 Further:

... TAFE is obliged to provide the full range of student services (counselling, equity and support programs, career advice, and library services) - not all RTOs can or will offer this range of services. There will be a cost to the community if such services are not mandatory offerings, or withdrawn/cut.<sup>72</sup>

- 4.81 Ms Aliesje Kolovis, who works with vulnerable young women, also agreed that TAFE provides opportunities for those in a vulnerable position:

I strongly believe that TAFE is a necessary component is assisting people from vulnerable communities in breaking the cycle of poverty and abuse. I believe education provides more than just knowledge and information about certain subjects, it promotes confidence, independence and empowerment, especially in young women.<sup>73</sup>

- 4.82 TAFE responds to industry and community needs through outreach programs that often draw on national Training Packages to support student transition from support programs to mainstream education.<sup>74</sup>
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69 Holmesglen, *Submission 34*, p. 10.

70 St Vincent de Paul Society National Council of Australia, *Submission 12*, p. 4.

71 Blue Mountains Community Sector, *Submission 35*, p. 6.

72 Blue Mountains Community Sector, *Submission 35*, p. 6.

73 Unions WA, *Submission 49.1*, p. 24.

74 TAFE Outreach, *Submission 43*, p. 1.

## Disadvantaged students

- 4.83 Ms Susan Fergusson, General Manager, National Centre for Vocational Education Research (NCVER), indicated that those in disadvantaged situations turn to TAFE for their training and developmental needs:

We have some details about the characteristics of students – if you are from a non-English-speaking background, if you are Indigenous, if you live in a remote area, if your intent is to find a pathway to university, then you are more likely to be at TAFE ... If you have very low literacy and numeracy, you are more likely to be at TAFE.<sup>75</sup>

- 4.84 Manufacturing Skills Australia also recognised the importance of TAFE in this context:

The TAFE system also plays an important role in providing support for learners from specific equity groups such as Indigenous learners, learners with disabilities and learners from non-English speaking backgrounds.<sup>76</sup>

## Remote and Aboriginal communities

- 4.85 People from rural and remote communities are often subject to disadvantage due to geographical restrictions for educational opportunities, and a lack of available jobs. Manufacturing Skills Australia indicated that:

In 2011 there were 1,239,586 students attending TAFE. This was two thirds of all students participating in publicly funded training in Australia. 43% of those students came from regional and remote areas of Australia, highlighting the importance of the TAFE system in meeting the needs of regional areas. If the Socio-Economic Index for Areas (SIEFA) is applied to this data, 15% of students at TAFE were identified as belonging to the “Most disadvantaged” quintile (quintile 1). In remote and very remote areas, the percentage of students identified as being within this quintile at TAFE jumps to 30% in remote areas and 50% in very remote areas.<sup>77</sup>

- 4.86 From a teaching perspective, remoteness also provides barriers to the quality of delivery. Associate Professor Barry Wright, Executive Director, Industries Skills Centre, Federation University, indicated the challenges

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75 Ms Susan Fergusson, General Manager, NCVER, *Committee Hansard*, Adelaide, 12 June 2014, p. 1.

76 MSA, *Submission 9*, p. 7.

77 MSA, *Submission 9*, p. 7.

TAFE teachers in regional Victoria can face when delivering training for students:

The other day we had to sign up an electrician apprentice in Nhill. Nhill is 4½ hours drive from Ballarat, so I have to put a teacher in a car to drive to Nhill to meet with the employer, the apprenticeship centre representative and the student to sign the training plan and then drive 4½ hours back. When you look at the industrial awards that that teacher is under, that means a huge chunk of his teaching time has been taken to sign up that student. The geographical locations that we work in are huge.<sup>78</sup>

4.87 In these areas, TAFE is also often the only opportunity for further education and skills development for Aboriginal communities. Aboriginal communities are among the most disadvantaged in Australia and, due to unique cultural factors, often require specialised assistance for pathways into mainstream education.

4.88 Tasmanian Polytechnic provided an example of how TAFE has provided support in this context:

(An) Aboriginal student who is a young single parent with one child enrolled in the Aboriginal class Certificate I in Preparation for Work & Study in 2011 to build her confidence. In 2012 she then enrolled in another two Aboriginal classes the Certificate II in Community Services and the Certificate I in Active Volunteering. After gaining both these qualifications she has in 2013 enrolled in a mainstream dual Certificate III in Community Services Work and Certificate III in Disability. Her aim is to enrol in a Nursing degree at the University of Tasmania in 2014. This student has only progressed down this pathway by starting out in a culturally sensitive program that builds both confidence and skills enabling our Aboriginal students to move confidently into mainstream.<sup>79</sup>

4.89 However, Tasmanian Polytechnic also commented that it faces significant challenges in meeting the needs of Aboriginal students:

A service that has been cut from our program just this year due to reducing team budgets has been the tutorial support for Aboriginal students struggling with their studies. Students in need previously may have been eligible for 2 hrs per week of tutorial support. This was often only required for short periods of time to

78 Associate Professor Barry Wright, Executive Director Industry Skills Centre, Federation University, *Committee Hansard*, Bendigo, 16 April 2014, p. 7.

79 Tasmanian Polytechnic, *Submission 32*, p. 3. (since receipt of this submission, Tasmanian Polytechnic has merged with and continued as TasTAFE)

work through a particular study issue and occasionally for longer periods for students with higher learning needs. The budget for this service has been eroded over the last 3 years until in 2013 when it has been stripped from our budget altogether. In the last two weeks there have been two Certificate III students and a Diploma student request tutorial support. The Diploma student is seriously considering pulling out of her studies.<sup>80</sup>

### Youth, homeless, long term unemployed and migrants

4.90 Other disadvantaged groups such as youth, those who are homeless, the long-term unemployed and migrants utilise the opportunities available through TAFE to improve their situation. TAFE has been instrumental in helping people in these sorts of situations to regain the confidence and skills needed for further education or in the workplace.

4.91 In her evidence Ms Aliesje Kolovis indicated that her engagement with TAFE has been life-changing:

I was going down a very bad path. If I had not been linked in with TAFE, I know for a fact that I would either have been in jail or dead – and definitely not sitting here today. Luckily, someone was able to push me in the right direction. I started my interactions with TAFE in a Gaining Access to Training and Education Course. I did the one which was a year 10 equivalency. That kept me off the streets and from doing bad things. It gave me the boosted maths, English and a few other subjects as well. After that, I worked for a while and then I discovered my passion was community service work. So I enrolled in a certificate III, went on to certificate IV, had a break to work for a while and came back and did my diploma in 2012. I cannot express how valuable being able to afford to go to TAFE was.<sup>81</sup>

4.92 The St Vincent de Paul Society National Council noted that TAFEs also undertake active outreach to disadvantaged people:

Many TAFEs also offer specific programs that target and benefit disadvantaged people. For example, the Western Sydney Institute of TAFE runs a range of programs that are targeted at helping Aboriginal and Torres Strait Islander people find work, and these courses are free. That TAFE, and others, also provide “outreach” programs, whereby officers go out into the community and actively engage with disadvantaged people, many of whom will

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80 Tasmanian Polytechnic, *Submission 32*, p. 3.

81 Ms Aliesje Kolovis, *Committee Hansard*, Perth, 13 June 2014, p. 10.

then go on to some sort of structured learning and ultimately employment. The well-known Year 10 and HSC courses are another example of how TAFE's help provide disadvantaged individuals, who for reasons such as poverty, illness, and family problems have been unable to complete high school, with an opportunity to access the training and skills that other Australians take for granted.<sup>82</sup>

- 4.93 The St Vincent de Paul Society National Council further described how TAFE supports homeless people through support, personal development and further education:

People without secure accommodation are also routinely excluded from mainstream education. One example of how TAFE's are playing a role in helping these people turn their lives around is in Holmesglen, where a housing facility for young homeless people is located on the TAFE grounds, and is linked in with the educational services that the TAFE provides.<sup>83</sup>

- 4.94 Ms Rachel Neumann, President, Victorian TAFE Branch, National Tertiary Education Union, noted TAFE's contribution in helping to break the welfare cycle:

We have severely disadvantaged students living in a two-bedroom house with 16 people. We have students living in homes who do not have a regular electricity supply to the house. For those students to be successful they need huge amounts of support from the youth and equity workers in the student services areas, the Koori liaison officers, the participation assistants, and the counselling and disability liaison staff. These students are often only capable of foundation level courses ... For (these) student(s) it is life-changing. So TAFE helps break that poverty and welfare dependence cycle ...<sup>84</sup>

### Disability and accessibility

- 4.95 Those with disabilities often have special needs when accessing education – special equipment such as ramps, lifts and hearing loops may be required, or support services such as sign language interpreters, counsellors and scribes may be needed. The cost of providing such equipment and/or services may often be too great for private RTOs, which

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82 St Vincent de Paul Society National Council, *Submission 12*, p. 4.

83 St Vincent de Paul Society National Council, *Submission 12*, p. 5.

84 Ms Rachel Neumann, President, Victorian TAFE Branch, NTEU, *Committee Hansard*, Melbourne, 15 April 2014, p. 16.

leaves TAFE, as the public provider, the most common (and sometimes the only) choice for those with disabilities.

- 4.96 Just over 11 per cent of respondents to the Committee's online survey indicated that they had a disability that affected them in terms of work and/or study options. Many respondents from this group also indicated that TAFE was a contributing factor in providing pathway options and improving their mental health and wellbeing (see Figure 4.3).<sup>85</sup>

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<sup>85</sup> Education and Employment Committee online student survey (see Appendix D).

**Figure 4.3 Committee survey responses: Respondents comments on the benefits of TAFE for people with disabilities**

**Q18. Has your experience with TAFE been of any benefit to your personal situation?**

**Please tell us why.**

*Helped me cope with my disability by providing interaction and support*

*...I am a person with an intellectual disability and it helped me to have better communication in my life which gave me better opportunities to receive employment under work capacity.*

*Tafe [sic] was my only option as I would not be able to cope with a full year 11 school workload due to my disabilities.*

*... I could not get a job due to a physical disability and had not gained high enough marks in the HSC to get into UNI, but the TPC course allowed me to get an ATAR so I could go to UNI where I am currently doing Medical Science with the hope of getting into medical research which doesn't have so many physical demands.*

*[TAFE] gave me confidence as a person with a disability. It helped me stand up for my own situation and others situation in social justice.*

*Very beneficial being at TAFE. Able to network and get to know professional persons in my field on [sic] endeavour and explore ways to make my disability workable to a situation.*

*I started with a Skills For All free course to get out of the house & started to realise what I was capable of, with the support & encouragement of my lecturer & other students. When new courses came up, many of us progressed on to study together. Studying improved my depression & gave me a focus, confidence, something I was good at; making me realise I may have a future outside of my disability after all.*

*I have a disability so TAFE offered flexibility and opportunity that university didn't.*

*Yes, it has added support for my disability.*

*TAFE were the only college that has disability support services and provided me communication access with Auslan interpreters and note takers.*

*Source: Education and Employment Committee online student survey (see Appendix D)*

**4.97 Manufacturing Skills Australia noted that TAFE is the main provider of training for those with disabilities:**

Learners with a disability are more likely to be enrolled at TAFE with 70% of learners in 2011 participating in training through a TAFE course. Within the student population undertaking training, the proportion of students with a disability choosing TAFE (70%) was higher than the proportion of all students choosing TAFE (66%).<sup>86</sup>

- 4.98 Ms Catherine Clark, Expert Advisor on Education, Deaf Australia Incorporated, provided evidence that, in relation to the deaf, private providers often do not offer the level of support that TAFE does:

Private education providers are very difficult for deaf people to enter into because they will not provide the support that they need, because it is expensive or it is seen as expensive. Many private colleges of education will not provide interpreting services, for example, and they use the unjustifiable hardship argument – the clause from the Disability Discrimination Act – to say that they cannot provide that support, because it is an unjustifiable hardship for them. So for deaf people TAFE is really the best place.<sup>87</sup>

- 4.99 Ms Clarke further identified TAFE as a crucial alternative learning environment for the deaf:

Many deaf people do not do very well at school, not because you cannot educate them – that certainly is possible – but the system does not cater for them well and does not look after them well... So for many people, things like a university education are just too difficult for them to access, so the TAFE system has been a brilliant alternative for them.<sup>88</sup>

- 4.100 In her submission Ms Marian Arnold noted that those with significant mental health issues are also more likely to attend TAFE because of the availability of support and services provided:

There are people, who for whatever reason suffer from a catastrophic mental breakdown. These are people who can and do re-build their lives with the help of a range of TAFE courses. One such person, some 4 years after first coming to TAFE, now has a permanent part time public service job at ¾ level and, I am confident, will go on from there to bigger and better things.<sup>89</sup>

- 4.101 Global Access Project stated that the increasing support provided by TAFE to students with mental illness is to the detriment of services for students with other disabilities:

Through our discussions it is clear that TAFEs (and universities) are increasingly providing broad allied health support to students

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87 Ms Catherine Clark, Expert Advisor on Education, Deaf Australia Incorporated, *Committee Hansard*, Brisbane, 7 June 2013, p. 27 (Evidence was provided via sign language interpreter).

88 Ms Catherine Clark, Deaf Australia Inc., *Committee Hansard*, Brisbane, 7 June 2013, p. 27.

89 Ms Marian Arnold, *Submission 168.1*, p. 2.

with mental health issues. We believe this is at the expense of services to students with disabilities.<sup>90</sup>

- 4.102 Global Access Project expressed support for centralised accessibility support rather than via individual institutions, and raised concerns over TAFE's ability to support the '[t]sunami of students presenting with mental health disorders.'<sup>91</sup>
- 4.103 Evidence was also received that TAFE is not always responsive to students that have special needs. Deaf Australia, for example, noted that TAFE is not able to provide enough specialist services and equipment to deaf students and, that TAFE teachers can lack training to deal with students that have disabilities.<sup>92</sup>
- 4.104 It is also important to recognise that, notwithstanding TAFE's prominence in this sphere, private RTOs can and do provide support for students with disabilities. Ms Jennifer Field, Board Member, Australian Council for Private Education and Training (ACPET) provided anecdotal evidence of TAFE not meeting the needs of a young person with special disability requirements. In this instance, a private RTO was able to take over and continue with the person's education with a positive outcome.<sup>93</sup>
- 4.105 Mr Mel Koumides, Deputy National Chair, ACPET, also provided an example of a private RTO successfully training a student with disabilities, due to TAFE indicating its inability to provide the requisite support:
- We had an autistic student who was effectively told by TAFE that they could no longer support him. So he came in and did a certificate and a diploma with us. It took us a lot longer to go through that, with a lot less funding. He has recently graduated and he is working in his first employment area, website design.<sup>94</sup>
- 4.106 Mr Daryl Neilson, Member, Victorian Executive Committee, ACPET, recounted an instance of a private RTO providing a qualification program aimed at assisting those with continuing mental health issues to build foundation skills:

We run a qualification that is aimed at people with persistent mental health issues ... this program ... is purely aimed at bringing people's communication skills and their self-confidence up to the level where they might be able to attempt the next step,

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90 Global Access Project, *Submission 202*, p. 1.

91 Global Access Project, *Submission 202*, p. 1.

92 Deaf Australia, *Submission 47*, pp. 1-10.

93 Ms Jennifer Field, Board Member, ACPET, *Committee Hansard*, Melbourne, 15 April 2014, p. 44.

94 Mr Mel Koumides, Deputy National Chair, ACPET, *Committee Hansard*, Melbourne, 15 April 2014, p. 48.

whether it be employment or education ... The activity that that group of people chose was photography. To start off with, of the nine people, only one of them had ever taken photos before. Now all nine of them, after 12 months, have just participated in a community art show where they exhibited their own photos that they had taken, developed, framed and marketed. We sold over \$700 worth of photos at the art show, which was very exciting. But for Matthew, the chap I was talking to specifically last week, it was the first money he had ever earned in his own right, and he is 52 years old.<sup>95</sup>

## Fees as an access issue

4.107 Fees and fee increases as an access issue was raised in evidence to the inquiry and also in responses to the Unions Australia survey.<sup>96</sup> In its submission TDA noted, in the context of current state/territory VET funding arrangements, that fees have become an important issue for students:

The expectation is that students will be charged the difference between the cost of training and the funding contribution. This drives a cost/pricing mentality for RTOs to only offer programs which are affordable or chargeable often at the expense of quality outcomes. Given the qualification outcome is in theory the same no matter where it is gained, it also drives students to seek the lowest cost provider, or even no cost provider, irrespective of quality.<sup>97</sup>

4.108 The Committee's online survey received comment on the fee issue. Some examples of survey responses are quoted in Figure 4.4.

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95 Mr Daryl Neilson, Member, Victorian Executive Committee, ACPET, *Committee Hansard*, Melbourne, 15 April 2014, p. 43.

96 See, for example, Unions Australia Survey Responses accessible from <[http://www.aph.gov.au/Parliamentary\\_Business/Committees/House\\_of\\_Representatives/Committees?url=ee/tafe/subs.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives/Committees?url=ee/tafe/subs.htm)> viewed 24 October 2014; AEU (NSW Branch), *Submission 8*, p. 4; Australian Youth Affairs Coalition, *Submission 57*, p. 8; ACTU, *Submission 58*, pp. 17, 21; and TAFE Community Alliance, *Submission 68*, p. 8.

97 TDA, *Submission 70.2*, p. 2.

Figure 4.4 Committee survey responses: Respondents comments on TAFE fees

**Q20. Please comment on what you think the TAFE system can improve.**

*In 2014 TAFE put my fees up (full paying student) so I have gone down to part-time to finish off the course.*

*I won't be able to study anymore with TAFE due to increase in fees*

*It needs to be cheaper for students as the fees have increased a great deal in recent years.*

*Fees have become unaffordable and made it impossible to retrain in a new area if needed because of prior qual rule.*

*I would like TAFE to have cheaper fees as I want to take the next step to do a business admin in certificate 3 and IV and hopefully a diploma. The cost of these courses are outrageous.*

*The present escalation of existing fees will have a huge impact on the future numbers of students who wish to enrol but can no longer afford to do so.*

*I think that the raising of the fees was the WORST move for TAFE as it marginalises an already marginalised area of society. Please make it more affordable to those who really need it.*

*The course fees should not be risen at such a high rate .Students will not be able to afford tertiary education.*

*More funding and cheaper or free courses for low income earners or people on government assistance.*

*For people on low-incomes (or on Centrelink) such as myself, the introduction of significant fees for TAFE in Victoria is a considerable barrier to entry, even if these fees can be deferred via a government loan. Having already studied an undergraduate degree some years ago the means-testing of government support for TAFE in Victoria makes me ineligible. This does not take into account the complete lack of employability my existing degree affords me (I studied fine art) and my desire to go to TAFE is to gain a practical and highly employable qualification.*

*Bring back affordability for to those on concession or earning under \$20,000*

*It needs to be an option for people on welfare or low wages. Fees started to go up after I left the system and I doubt I would have been able to study my course and change our lives if they cost as much as they do now.*

Source: Education and Employment Committee online student survey (see Appendix D)

4.109 The Good Shepherd Youth and Family Service recounted an instance of fees constituting a barrier to accessing TAFE:

Arie has been looking for a job for about a year and currently receives Newstart Allowance. Arie would like to enrol in TAFE to become a cabinetmaker however he simply cannot afford the upfront costs. There is a \$700 a down payment for his TAFE course and then about \$400 for textbooks and tools. Arie is not eligible for an Advance Payment from Centrelink, as he is currently paying off an Advance Payment that he took out to cover the costs

associated with looking after his young son. Even if Arie were eligible for an Advance Payment, the maximum amount he could receive would be \$500, which is not enough to cover his TAFE fees and associated costs. For Arie, accessing TAFE is out of reach.<sup>98</sup>

- 4.110 The Good Shepherd Youth and Family Service commented further on how TAFE fees can affect accessibility for those who are disadvantaged:

... we find that our clients who attend TAFE rely heavily on community funding which is sourced through the work of case managers. Without this assistance there would be no pathway available to this vulnerable group. With less community funding available and the increase in TAFE fees, without reforms, accessibility for disadvantaged Australians will decrease. The ability for this cohort being able to move out of poverty is at risk.<sup>99</sup>

## Committee comment

- 4.111 It is clear that TAFE has a critical role in the community as a provider of pathways to employment. This role spans a range of different needs and demographics, from those needing foundation skills development or LLN assistance, to mature age students and those coming to TAFE for further practical training after university. It is also important that technical and trade qualifications remain as recognised in the wider community as tertiary qualifications, and that technical and trade careers are valued.
- 4.112 Partnerships and linkages involving TAFE as it undertakes its role as a provider of pathways to employment are key, particularly between TAFE and industry, and are to be encouraged. Any negative impacts of the current state/territory VET funding models on TAFE provision of employment pathways are of concern. It is important, as has been indicated by the Australian Government Department of Industry, that the Australian Government raises this matter with the other jurisdictions for resolution.
- 4.113 TAFE is also instrumental in providing a pathway to tertiary education, and, while the traditional linear path remains, it is evident that the routes students take to further education can vary according to preference and need. As for pathways to employment, partnerships involving TAFE are key, and linkages between TAFEs and universities are to be supported. As for employment pathways, any negative impacts of the current

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98 Good Shepherd Youth and Family Service, *Submission 29*, p. 3.

99 Good Shepherd Youth and Family Service, *Submission 29*, p. 5.

state/territory VET funding models on TAFE's provision of pathways to tertiary education and/or higher level studies are of concern. These impacts should be raised by the Australian Government in its discussions with the jurisdictions regarding impacts on pathways to employment.

### **Recommendation 3**

**That the Australian Government, in its discussions with the states and territories regarding the impact of current funding arrangements on TAFE provision of pathways to employment, also raise the impact of these arrangements on TAFE provision of pathways to tertiary education and/or higher level studies.**

- 4.114 As part of providing pathways to employment and further education, but also in relation to the broader socio-economic context, TAFE performs a highly significant role in the community as a provider of opportunities for those in positions of disadvantage and vulnerability. This crucial role constitutes a particular complexity for TAFE as it operates in the competitive training market, and is considered further in this context in Chapter 5.
- 4.115 The impact of fee increases on student ability to access TAFE is of concern. The VET FEE-HELP scheme is to be supported in principle, as is the current trialling of extended income contingent loans to certain subsidised Certificate IV qualifications and a rigorous Government review of the trial.

## TAFE in the competitive training market

### The competitive market

5.1 The 2001 National Centre for Vocational Education Research (NCVER) *The Development of TAFE in Australia*<sup>1</sup> report gives a history of the TAFE system in Australia and outlines the evolution of Government recognition, in the late 1980s and early 1990s, of the need for a broader and more diverse community training and education sector together with the need for competition within the sector. The 1988 Australian Government report *A changing workforce* recognised:

... the need for diversification, as well as the expansion and improvement, of Australia's training infrastructure through greater emphasis on industry-based formal training provision. This was seen to be a means of providing competition for TAFE and would act as a major spur to increased efficiency, quality and relevance of formal training provision.<sup>2</sup>

5.2 The focus on competition arose from a range of concerns including the dominance of TAFE and industry needs:

The arguments for a competitive training market were based on the view that the TAFE system had a monopoly on VET, there was a lack of responsiveness by TAFE to the needs of industry and there was a need to give greater attention to the 'demand side' of the market. The need for greater efficiency and for cost savings were also quoted.<sup>3</sup>

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1 G Goozee, *The Development of TAFE in Australia*, 3<sup>rd</sup> edn, National Centre for Vocational Education Research (NCVER) Ltd, 2001.

2 G Goozee, *The Development of TAFE in Australia*, 3<sup>rd</sup> edn, NCVER Ltd, 2001, p. 67.

3 G Goozee, *The Development of TAFE in Australia*, 3<sup>rd</sup> edn, NCVER Ltd, 2001, p. 90.

5.3 The 1992 *National goals for vocational education and training* statement, approved by Commonwealth and state ministers, employed the term ‘national training market’ and identified the goal of developing ‘an efficient, effective, responsive and integrated training market’.<sup>4</sup>

5.4 Subsequently:

The second half of the 1990s saw efforts to develop a competitive market and increase the numbers of training providers expanded through the introduction of the concept of user choice and national priorities which explicitly stated that the level of contestable funding should be increased. This put considerable pressure on TAFE institutes across Australia.<sup>5</sup>

The focus on competition has continued. In 2008 the Australian Education Union noted that five policy documents from 2007–08 released by Commonwealth and state governments all ‘promote[d] greater competition and commercialisation of the VET and TAFE sector’.<sup>6</sup>

5.5 The focus on greater competition in the Vocational Education and Training (VET) sector is evident in Council of Australian Governments (COAG) agreements.

## National Agreement on Skills and Workforce Development

5.6 Clause 25 of the National Agreement on Skills and Workforce Development (NASWD), set out in Chapter 3, lists a variety of reform directions. Two in particular deal with competition:

- encourage responsiveness in training arrangements by facilitating the operation of a more open and competitive training market;

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4 G Goozee, *The Development of TAFE in Australia*, 3<sup>rd</sup> edn, NCVER Ltd, 2001, p. 91.

5 G Goozee, *The Development of TAFE in Australia*, 3<sup>rd</sup> edn, NCVER Ltd, 2001, p. 92.

6 Australian Education Union (AEU), *Discussion Paper – Competition, contestability and TAFE*, p. 1, <<http://www.aeufederal.org.au/Tafe/documents/ContDisc2008.pdf>> viewed 24 October 2014.

- enable public providers to operate effectively in an environment of greater competition, recognising their important function in servicing the training needs of industry, regions and local communities, and their role that spans high level training and workforce development for industries and improved skill and job outcomes for disadvantaged learners and communities.<sup>7</sup>

## National Partnership Agreement on Skills Reform

- 5.7 Paragraph 29 of the National Partnership Agreement on Skills Reform, one of two National Partnership Agreements which support NASWD outcomes, provides that jurisdictions will improve the efficiency and responsiveness of the VET system.<sup>8</sup>
- 5.8 One element of this seeks to implement the NASWD reform direction of enabling public providers to operate effectively in an environment of greater competition cited above. Public providers are in the position of having to compete while also needing to support a broad range of community training needs.
- 5.9 There was some criticism of the COAG framework and the National Partnership Agreement on Skills Reform in the context of the competitive training market. For example, Dr John Mitchell, referring to compliance issues in the VET sector identified by the Australian Skills Quality Authority (ASQA) (see Chapter 3), commented that:

... it is COAG and the national partnership agreement where some of these problems stem from. If you look at the national partnership agreement, it pushes the state governments towards a simplistic notion of market design. That has been behind a lot of this. It is more than simple; it is facile. It is too easy. That has caused a lot of problems. I think the problems are intellectual problems. I think we have the intelligence in Australia to address them, but they are not being addressed at the moment. They are not being followed through.<sup>9</sup>

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7 Coalition of Australian Governments (COAG), *National Agreement for Skills and Workforce Development*, Clause 25, <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_agreement.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_agreement.pdf)> viewed 24 October 2014.

8 COAG, *National Partnership Agreement on Skills Reform*, Clause 29(b), <[http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national\\_partnership.pdf](http://www.federalfinancialrelations.gov.au/content/npa/skills/skills-reform/national_partnership.pdf)> viewed 24 October 2014. This clause references much of the same material in the NAWSD Clause 25(d).

9 Dr John Mitchell, Managing Director, John Mitchell & Associates (JMA), *Committee Hansard*, Sydney, 8 April 2014, p. 12.

## Views on the competitive training market

- 5.10 A number of inquiry participants expressed views on the competitive training market generally. Mr Tony Kennedy, Chief Executive Officer, IndustryLink, voiced his support for a competitive market-based sector:

If the public provider were great, there would never have been the squeeze. There lies the problem. My background is that I was a hotelier and restaurateur, and I came to Tasmania and discovered we had a very shallow pool of talent. I went to the government and I spent two years talking to them about the things we should do, and they just kept saying, 'Great,' but did not do anything about it. So I bought an RTO. I thought, 'I'll do it myself,' and now I am bigger than them, so it is working. When someone asks a question, it is, 'Leave us alone.' If they were doing a great job in the first place, no-one else would have come along. That is market force.<sup>10</sup>

- 5.11 Mr Peter Coyne, Acting Chief Executive Officer, Bendigo TAFE, also indicated his support for a competitive market despite some reservations about its implementation:

It is a business model that has been imposed on public institutions in an incredibly short period of time. I go back, though, to why I support the reform – because ultimately, had the reform been well and carefully implemented, it would have driven quality back into the system. Competitiveness brings quality brings innovation. But the rules have been fundamentally changed so quickly and there are these broader constraints that sit around public provision.<sup>11</sup>

- 5.12 Mr Martin Riordan of TAFE Directors Australia (TDA) suggested that the proliferation of providers in the market has led to a large public compliance burden, even though a small minority of providers deliver the vast majority of funded qualifications:

... you have a lot of providers that the regulator is trying to manage and a lot of different types. As my colleague Adrian Marron said, you have more than 5,000 that now seem to be registered. Yet only about 100 deliver about 90 per cent of the qualifications that receive VET funding. When you look at that statistic, it is an incredible cost of compliance that we all face for the compliance of the 90 per cent that deliver only 10 per cent of

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10 Mr Tony Kennedy, Chief Executive Officer, IndustryLink, *Committee Hansard*, Launceston, 30 April 2014, p. 48.

11 Mr Peter Coyne, Acting Chief Executive Officer, Bendigo TAFE, *Committee Hansard*, Bendigo, 16 April 2014, p. 6.

training. And it is a user-pays policy that was agreed. So, it is a bit of a double whammy.<sup>12</sup>

- 5.13 There was industry recognition that the competitive training market does not of itself cover the field with regard to the full suite of national training needs. The Construction and Property Services Industry Skills Council (CPSISC) stated that:

[T]here are some training needs that the competitive market ignores which are still important to the future economic needs of the country.<sup>13</sup>

- 5.14 There was also recognition from the TAFE sector that the operation of the competitive training market is necessary regarding the standing of VET qualifications and providers:

There is a crisis in public confidence in the outcomes of the VET system (qualifications). The integrity of VET qualifications cannot be allowed to diminish. Market interventions are required to restore confidence in the value of VET qualifications and VET providers including TAFE.<sup>14</sup>

## Issues for TAFE in the competitive training market

- 5.15 As a public provider, TAFE faces complexities and challenges as it operates in the competitive training market. In a September 2014 speech to TDA, Ms Jennifer Westacott, Chief Executive, Business Council of Australia (BCA), acknowledged that:

[T]he VET market can never be a completely free market or competitively neutral. It has thin markets, in terms of location and qualifications, as well as learners who need additional support.<sup>15</sup>

- 5.16 Mr Peter Coyne noted some of the asset base challenges faced by TAFEs in the competitive environment:

We have moved from a monopoly based system with yearly capital funding and operational funding to an openly competitive

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12 Mr Martin Riordan, Chief Executive Officer, TAFE Directors Australia (TDA), *Committee Hansard*, Canberra, 19 March 2014, p. 4.

13 Construction and Property Services Industry Skills Council (CPSISC), *Submission 19*, p. 2.

14 Victorian TAFE Association, *Submission 66*, p. 46.

15 Ms Jennifer Westacott, Chief Executive, Business Council of Australia (BCA), *Speech to the TAFE Directors Australia Vision 2020 Conference*, p. 2, < [http://www.bca.com.au/docs/44afd346-f995-4092-a7e7-cb7ccb0c2558/JW\\_Speech\\_to\\_TAFE\\_Directors\\_Australia\\_Vision\\_2020\\_Conference\\_FINAL\\_4.9\\_2014.pdf](http://www.bca.com.au/docs/44afd346-f995-4092-a7e7-cb7ccb0c2558/JW_Speech_to_TAFE_Directors_Australia_Vision_2020_Conference_FINAL_4.9_2014.pdf) > viewed 24 October 2014.

market ... You have public assets – beautiful assets built in 1864 – that no longer work. They have to be heated and lit and cleaned. You cannot put wireless connectivity into these places. And now we are expected to give a return on our asset base before we strike a profit.<sup>16</sup>

- 5.17 Ms Linda Simon, Member, Executive, Australian Vocational Education and Training Research Association (AVETRA), voiced concerns about the competitive training market and its overall impact on the role of TAFE:

AVETRA supports the view that we are educating students, both young and old, for an occupation and not locking them into a narrow skills space. TAFE has always had an important role in education and we are concerned that moves to a marketised VET system are removing this role and pushing vocational education and training to its lowest common denominator.<sup>17</sup>

## TAFE's community support role

- 5.18 One particular complexity for the TAFE sector as it operates in the competitive market is its important role in providing opportunities for those in positions of disadvantage and vulnerability within the community; this role is explored in Chapter 4. The COAG framework recognises the position that public providers occupy in this context along with their broader role.
- 5.19 The TAFE Community Alliance stated that 'TAFE is not a business, it is a public institution. TAFE is not about super profit, it's about putting back into the community'.<sup>18</sup> Box Hill Institute submitted that it is important that a market-based model of vocational education:
- ... does not impair the ability of disadvantaged members of the community to access opportunities for personal advancement and improved independence through education and training.<sup>19</sup>
- 5.20 Some inquiry participants suggested that TAFE resourcing should take account of its community role. The Australian Chamber of Commerce and Industry (ACCI) stated that it:

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16 Mr Peter Coyne, Acting Chief Executive Officer, Bendigo TAFE, *Committee Hansard*, Bendigo, 16 April 2014, p. 6.

17 Ms Linda Simon, Member, Executive, Australian Vocational Education and Training Research Association (AVETRA), *Committee Hansard*, Sydney, 8 April 2014, p. 1.

18 TAFE Community Alliance, *Submission 68*, p. 2.

19 Box Hill Institute, *Submission 40*, p. 9.

... strongly believes that TAFE should be adequately resourced to maintain service delivery to disadvantaged groups and to regions where thin markets exist.<sup>20</sup>

- 5.21 The CPSISC, noting that TAFEs are funded in relation to student profiles whilst private Registered Training Organisations (RTO)s are funded on contact hours, stated that:

A level playing field for public and private providers must be the focus with TAFE community service obligations potentially funded separately.<sup>21</sup>

- 5.22 In its submission the Victorian TAFE Association took the view that 'Quarantined government funding is required to meet TAFE community service obligations and oversight costs borne exclusively by TAFEs'.<sup>22</sup>

## Flexibility

- 5.23 As noted in Chapter 3, flexibility is a prerequisite for providing good training outputs. The ACCI noted that flexibility in training delivery:

... is essential for lowering the overall costs of training to both industry and the individual. Training that occurs on-the-job, or outside work hours, significantly reduces the burden of lost wages for individuals and lost productivity for business. More competitive market arrangements will encourage providers, including TAFE, to deliver more flexible options.<sup>23</sup>

- 5.24 Flexibility in relation to TAFE was the subject of some comment. Mr Tony Kennedy of IndustryLink pointed to lack of flexibility on the part of TAFE encountered by employers in terms of the timing of training and the TAFE academic timetable:

Many employers, such as group-training organisations, find that TAFE lacks flexibility in scheduling training blocks, with a tendency to schedule training at times most convenient to TAFE rather than times convenient and economically relevant to employers, its customers. The impact of what may be described as a school-year operation with long holiday breaks also means that the TAFE timetable creates timing and cost difficulties for employers. A classic example would be in the building trades, where TAFE may be running block courses around perhaps painting and decorating. It tends to run those in the summer

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20 Australian Chamber of Commerce and Industry (ACCI), *Submission 46*, pp. 2-3.

21 CPSISC, *Submission 19*, p. 3.

22 Victorian TAFE Association, *Submission 66*, p. 46.

23 ACCI, *Submission 46*, p. 2.

months because for some reason that suits TAFE. However, the best time, the most opportune time, for the trade to release painters and decorators will be in the winter months, when the weather is inclement and they are not able to spend so much time on the job or outside. The ability to get TAFE colleges to change their timetables to suit industry is something that frustrates us.<sup>24</sup>

5.25 The Queensland Chamber of Commerce and Industry referred to the lack of employer confidence in the Queensland TAFE system as being:

... the direct result of an absence of client focus that, in turn, is a product of the lack of competition for funding. While TAFE has filled vacancies in difficult VET markets where private training providers have been unwilling to enter, particularly in regional Queensland, the rigid and centralised funding model has operated to entrench TAFE as the sole provider in some areas, even when improved conditions mean that new operators would be welcomed by the community.<sup>25</sup>

5.26 Dr John Mitchell gave a positive account of the flexibility of Adelaide TAFEs:

The amount of innovation and the amount of what you are looking for – which is that you want TAFE to be flexible and dynamic and to shift resources – is happening. They have actually invented. That is the point of this: reinventing service delivery. They have reinvented themselves. TAFE Adelaide South and TAFE Adelaide North, in response to Redarc, said: ‘We’ll do it your way. Redarc, you want this mix. You want this specialist service from Adelaide South and this specialist service from Adelaide North. You want it flexibly.’ TAFE was brilliant.<sup>26</sup>

5.27 Mr Craig Robertson, Head of Division, Skills Division, Australian Government Department of Industry, provided a useful sense of the overall position of the TAFE sector in terms of flexibility:

... they are on a journey and they are at various points in a continuum. You would put Victorian TAFEs more on the flexible scale because they have operated as statutory authority autonomous bodies for a long period of time – 20 years. Queensland is going down that path. So there are various means of governance. I would say where industry is coming from at the

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24 Mr Tony Kennedy, Chief Executive Officer, IndustryLink, *Committee Hansard*, Launceston, 30 April 2014, p. 44.

25 Chamber of Commerce and Industry Queensland, *Submission 33*, p. 6.

26 Dr John Mitchell, Managing Director, JMA, *Committee Hansard*, Sydney, 8 April 2014, p. 14.

moment – and again, this is a bit of a reflection – is that TAFEs have had a funding flow and a delivery model focused on particular industry areas or cohorts and even delivery in regional and remote, and that has almost got some fixed cost structures, including their IR fixed cost structures. And they are being told to become more flexible and responsive, and that is the disjoin that is occurring at this point in time. They will just change their operating model to become responsive in the marketplace. I think it is a transition issue at this point in time.<sup>27</sup>

- 5.28 Mr Peter Coyne noted that some governance requirements can militate against TAFEs providing greater flexibility:

As a public provider, I am responsible to a community based board, a skilled board. I am accountable in every way in terms of our financial performance. If I am a small private RTO, what is the governance structure there? Who oversees it? We then come to compliance. So we are going to control everyone through a compliance regime, which, again, as a public provider, costs me an enormous amount of money to run. As a public provider, I am being continually audited by all sorts of accounting firms to the most minute detail. It does not seem to take a balance. As a large public provider – and you have been speaking to them – the same rules apply to me as they do to someone in a small town who is employing one or two people. This does not demonstrate to a public institution – with really tight constitutions and governance structures and with various subcommittees that manage risk, manage audit and manage all sorts of things – that it applies the same rules. I do not think that is right either. It does not allow us the flexibility.<sup>28</sup>

- 5.29 One inquiry participant, Mr Keith Thompson, went further, stating that the emphasis on regulation:

... inevitably takes the focus away from the most important part of the equation, the learner or industry client, and firmly locks it onto institutions and processes. TAFEs are a victim of this misplaced focus as are the people trying to get the skills they need. Governments and many of the “experts” have lost track of what learning is about. You can see it in the language of the training bureaucracy and training industry generally. Rather than talking

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27 Mr Craig Robertson, Head of Division, Skills Division, Australian Government Department of Industry, *Committee Hansard*, Canberra, 6 June 2014, p. 3.

28 Mr Peter Coyne, Acting Chief Executive Officer, Bendigo TAFE, *Committee Hansard*, Bendigo, 16 April 2014, p. 8.

about people learning, we have constant reference to the delivery of training – as if it is something that is handed over according to a set of rules to a passive recipient, like a loaf of bread or a load of garden soil. The whole emphasis has moved from people learning skills to regulating TAFEs and other RTOs and rigidly defining what they “deliver” and how they “deliver” it. Governments talk about TAFEs being flexible but regulate away any possibility of real nimbleness and responsiveness.<sup>29</sup>

- 5.30 One suggestion to ensure flexibility has been that funding, and control over training, be directed to employers instead of being provided to TAFEs. One employer with a long-term link with TAFE, Mr Anthony Kittel, characterised this as a ‘dangerous’ idea and went on to say that:

My concern is that we are going to this privatisation model and we will lose that long-term relationship we have developed with a provider that has got the facilities and the capital equipment to be able to provide for our needs.<sup>30</sup>

## Funding

- 5.31 As noted in Chapter 2, COAG agreements provide the foundation for Commonwealth involvement in VET, and through it, the operability of the TAFE sector. These agreements provide for the Commonwealth, in conjunction with states and territories, to fund the VET sector for the provision of specified outcomes. TAFE is not directly funded; rather, Commonwealth funding is provided through states and territories. It was noted in evidence that funding for VET providers comes from a range of sources including the state and territory governments themselves.<sup>31</sup>
- 5.32 As noted in Chapter 2 also, Commonwealth funding for VET is provided to the states and territories on an outcomes basis.
- 5.33 The current model of Commonwealth VET funding raises issues of accountability and continuity of state/territory funding. The Department of Industry noted these issues and indicated that state expenditure is tracked via the National Centre for Vocational Education Research:

That is always a dynamic tension in the system, and the current model of Commonwealth-state relations, albeit subject to review by the Federation green and white paper, will be, firstly, looking at

29 Mr Keith Thompson, *Submission 175*, p. 2.

30 Mr Anthony Kittel, Managing Director, REDARC Electronics Pty Ltd, *Committee Hansard*, 12 June 2014, p. 21.

31 Mr Rod Cooke, Chief Executive Officer, Community Services and Health Industry Skills Council, *Committee Hansard*, Sydney, 8 April 2014, p. 18.

roles and responsibilities but then looking at how you can get some assurance around Commonwealth contribution being used appropriately and achieving the outcomes you are chasing but also that it is not substituting or states and territories are not withdrawing funding ... the NCVET finance collection report details state expenditure by state as well as Commonwealth contribution, so we actually do know.<sup>32</sup>

- 5.34 At the same time, the Department acknowledged that, beyond this, there is not stronger accountability regarding the use of Commonwealth funds.<sup>33</sup>
- 5.35 As noted in Chapter 2, from 1 July 2007 to 30 June 2013 the Australian Government provided \$9.3 billion in VET funding to the states and territories for delivery of training, including funds for TAFE and other providers of subsidised training. In respect of quantifying Australian Government expenditure specifically on TAFE, the Department of Industry indicated that 'the available data do not break down state and territory governments' VET expenditures in a way that permits identification of expenditure on TAFE'.<sup>34</sup>
- 5.36 TDA expressed the view that, although through the COAG framework Commonwealth, state and territory ministers have recognised the importance of a public provider network, funding for TAFE in respect of its community role has declined:

Federal and state ministers signed up to the view that there should be a public provider network. In fact, the industry advisory body of SCOTESE also articulated that in a communique. So there was brief reference to a public provider network being a guarantee of that agreement. But, like the outcomes, there were, in our view, far less specific outcomes nominated within that agreement for it to be satisfactory.

So, as states and territories then went away after signing up to this agreement – with a \$1.75 billion bucket of money in the middle of the table that was taken – they had to work out how to cut the cake in terms of a national entitlement scheme. Everyone has had a go at trying to do it in their own way. TAFE has been impacted largely because the funding cake had to be worked out without funding increases. So previous margins that TAFE received as a

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32 Mr Craig Robertson, Head of Division, Skills Division, Australian Government, Department of Industry, *Committee Hansard*, Canberra, 6 June 2014, p. 5.

33 Mr Craig Robertson, Head of Division, Skills Division, Australian Government, Department of Industry, *Committee Hansard*, Canberra, 6 June 2014, p. 6.

34 Australian Government, Department of Industry, *Submission 186.1*, p. 7.

public provider network to deliver a community obligation got whittled away.<sup>35</sup>

- 5.37 TDA commented on the challenges that TAFE faces when operating in an open market, while being simultaneously susceptible to funding reductions:

The constant minimisation of funding levels (RE entitlements) means that RTO training providers are rewarded if they successfully find ways to minimise their expenditure ... This remains [sic] a major structural disadvantage to TAFEs which operate more frequently without price differentials in open market conditions. As ASQA has noted just in one review of one industry segment (aged care), delivery of high cost technical skills, requiring small class sizes and expensive equipment and facilities, essential for developing a productive society is being minimised or avoided. It also means that student support – so necessary for some young people, for people re-entering work or transitioning from one industry to another in response to industry structures, or people with disability [sic] - is also being minimised or avoided.<sup>36</sup>

- 5.38 Indeed, more broadly, TDA further noted that current funding models across the jurisdictions constitute a significant issue:

The current funding regime across all states and territories is now generating disconnection not only with the needs of business and industry but the needs of student and governments.<sup>37</sup>

- 5.39 In relation to this, impacts of current state/territory funding models on TAFE provision of pathways to employment and tertiary education were noted in Chapter 4.

## Capital expenditure and access to facilities

- 5.40 A cursory inspection of a TAFE Institute will reveal the extent of capital investment that TAFEs require in order to ensure that equipment and facilities are maintained and kept current. Appendix C to this report contains photographic evidence of TAFE capital equipment and outlines the capital costs that TAFEs can face.

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35 Mr Martin Riordan, Chief Executive Officer, TDA, *Committee Hansard*, Canberra, 19 March 2014, p. 3.

36 TDA, *Submission 70.2*, p. 2.

37 TDA, *Submission 70.2*, p. 2.

- 5.41 Mrs Anne Blythman, General Manager, VET, TasTAFE, noted the challenge of maintaining the necessary level of capital expenditure:
- ... having industry-relevant capital equipment and technologies that reflect the state-of-the-art position of a range of industry sectors is constantly challenging.<sup>38</sup>
- 5.42 One inquiry participant stated that capital cost commitments disadvantage public providers in comparison to private RTOs:
- Even on strict cost comparisons, TAFE and other public providers are disadvantaged by requirements to include costs for capital facilities that most private RTOs do not provide ...<sup>39</sup>
- 5.43 In its submission the Box Hill Institute suggested that:
- ... the Commonwealth Government works with States to ensure that as a Polytechnic Tertiary Education Institution (or a nationally agreed nomenclature), TAFE institutes will be eligible for triennial capital funding, access to higher education endowment funds and the ability to enter into finance arrangements, including borrowing in the same way as is available to public Universities.<sup>40</sup>
- 5.44 There were also calls from industry for TAFE infrastructure and facilities to be available to private providers. Mr Tony Kennedy suggested that TAFE teaching facilities:
- ... such as workshops and teaching kitchens, should be available for rental to private training providers outside the hours of TAFE usage. They have, after all, been paid for by government in one way or another. In this regard, the rental fee should be no greater than the internal charge that a TAFE college may include in its own course costing. They are – in our opinion, at least – public assets.<sup>41</sup>
- 5.45 Ms Sally Neville, Chief Executive Officer, Restaurant and Catering Association of South Australia, echoed this view:
- Our view is that private providers and other providers should actually have access to infrastructure that is publically supported. That should be on a fee-for-service basis, but a realistic fee-for-service basis – that is, not hyped up so that it is too dear to actually provide the training. Again, our view is opening the market up
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38 Mrs Anne Lorraine Blythman, General Manager, VET, TasTAFE, *Committee Hansard*, Launceston, 30 April 2014, p. 16.

39 Mr Al Svirskis, *Submission 140*, p. 3.

40 Box Hill Institute, *Submission 40*, p. 18.

41 Mr Tony Kennedy, Chief Executive Officer, IndustryLink, *Committee Hansard*, Launceston, 30 April 2014, p. 44.

and having it contestable right across the country. Just because you are in South Australia, even if a public provider comes in from another state to provide training here on a competitive basis where the employer wants it, that should be facilitated with access to the facilities, including places like Regency.<sup>42</sup>

5.46 Mr Robert Paton, Chief Executive Officer, Manufacturing Skills Australia, also expressed support for private provider access:

... third-party access into public facilities should happen. It could be a negotiated commercial arrangement between the two. We have all paid taxes to put that infrastructure there. I think the public should get the best value for it.<sup>43</sup>

## Segmentation of the training market

5.47 A feature of the competitive training market that attracted some comment is a certain degree of market segmentation that has arisen due to the pattern of courses selected and offered by private providers as against courses offered by TAFEs. This has ramifications not only for TAFE budgeting and revenue, but also for the role of TAFE and the future of the 'further education' element of TAFE services.

5.48 In its submission the Blue Mountains Community Sector outlined the nature of the issue:

... the majority of RTOs tend to 'cherry-pick' their course offerings. They are more likely to offer courses which have low input/infrastructure costs (and thus relatively higher profits). TAFE has obligations to serve the needs of their local industry and community (quadruple bottom line), not just focus on the financial/income line. It is no accident that it is predominantly TAFE which offers vocational training in agriculture, hospitality, IT, design, environmental sustainability, and so on.<sup>44</sup>

5.49 Mr Paul Gunner expanded on the factor of high infrastructure costs:

The private free market approach to training cannot by its very nature, provide for a quality training regime. Quality training provision in the Metals and Automotive trades have significantly high infrastructure costs such as required for high end fabrication, welding, machining, engine management and powertrain

42 Ms Sally Neville, Chief Executive Officer, Restaurant and Catering Association of South Australia, *Committee Hansard*, Adelaide, 12 June 2014, pp. 24-25.

43 Mr Robert Paton, Chief Executive Officer, Manufacturing Skills Australia, *Committee Hansard*, Canberra, 16 July 2014, p. 9.

44 Blue Mountains Community Sector, *Submission 35*, p. 6.

technology, and high end computerised technologies in automotive and metals. These costs for the private market are prohibitive and thus the only courses and training they will provide are the ones where there is low set up cost and high profit return.<sup>45</sup>

- 5.50 Mr Paul Kniest, Policy and Research Coordinator, National Tertiary Education Union, described the financial impact on TAFEs:

One of the financial issues that TAFEs are now confronting – and probably part of the reason that, in Victoria at least, they are now in financial difficulty – is that they are being crowded out of the programs where they can actually make a few bob on the side. The private providers are cherry-picking the really popular and profitable programs.<sup>46</sup>

- 5.51 The NSW Branch of the Australian Education Union stated that:

TAFE has to provide accessible pathways for disadvantaged youth, students with disabilities, students from non-English speaking backgrounds, Indigenous students, apprentices & trainees, addressing skills shortages and running high quality training in a wide range of industries. We can't compete with 'training' companies who can deliver out of the back of a truck, using TAFE syllabuses and cherry-picking the cheapest, easiest courses to deliver. TAFEs provide realistic vocational pathways, and TAFE qualifications are more than just pieces of paper.<sup>47</sup>

- 5.52 In a September 2014 speech to TDA, Ms Jennifer Westacott of the BCA stated that:

What we don't want is a market where the public providers are left with the residual elements [private] providers don't want to operate in. That's why the design is so important.<sup>48</sup>

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45 Paul Gunner, *Submission 159*, p. 2.

46 Mr Paul Kniest, Policy and Research Coordinator, National Tertiary Education Union (NTEU) *Committee Hansard*, Melbourne, 15 April 2014, p. 17. See also NTEU, *Submission 38*, p. 5; Mr Lubomir Tchervenkov, *Submission 120, Attachment 4*, p. 10 and Mr Al Svirkis, *Submission 140*, p. 3.

47 AEU (NSW Branch), *Submission 8*, p. 9. See also TAFE Community Alliance, *Submission 68.1*, p. 19.

48 Ms Jennifer Westacott, Chief Executive, BCA, *Speech to the TAFE Directors Australia Vision 2020 Conference*, p. 2, < [http://www.bca.com.au/docs/44afd346-f995-4092-a7e7-cb7ccb0c2558/JW\\_Speech\\_to\\_TAFE\\_Directors\\_Australia\\_Vision\\_2020\\_Conference\\_FINAL\\_4.9\\_2014.pdf](http://www.bca.com.au/docs/44afd346-f995-4092-a7e7-cb7ccb0c2558/JW_Speech_to_TAFE_Directors_Australia_Vision_2020_Conference_FINAL_4.9_2014.pdf)> viewed 24 October 2014.

- 5.53 Ms Linda Simon of AVETRA noted the broader issue of the future role of TAFE that is raised by the nature of private RTO participation in the training market:

... those who come into the training market as for-profit providers are looking to make a profit. We have seen that play itself out with providers who are more concerned about money and have delivered very little in the way of education. We believe you need to maintain the regulation that ensures that does not happen – in the initial entry of those RTOs to the market and what they continue to do while they are in the market. But you have got to clearly work out what the role for TAFE is. If you want TAFE to be there and focusing on a whole lot of those skills shortage areas – the apprenticeships, the trades – then you have got to make sure it does actually have the government funding that enables it to do that.

I am not sure that making all funding contestable is the best way of getting that happening ... it does then lead to the fact that for-profit organisations will look at where they can go to make a profit without having those initial large outlays.<sup>49</sup>

### Marketing practices in the VET sector

- 5.54 One issue that was linked to market segmentation in the competitive training market was marketing practices in the VET sector. The National Tertiary Education Union linked the pattern of courses selected and offered by private providers with 'less than scrupulous' marketing practices:

In some cases private providers used less than scrupulous marketing tactics to attract new students, such as offering free iPads or holidays. TAFE colleges are not in a position to compete with many of these private sector providers who are not obliged to offer their students full services or to fulfil public sector obligations to their communities, such as offering training in less popular high cost areas of critical skills shortages.<sup>50</sup>

- 5.55 In 2013 ASQA undertook a review of the marketing and advertising practices of over 400 VET RTOs. In its 2013 report, *Marketing and advertising practices of Australia's registered training organisations*, ASQA made the following key findings:

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49 Ms Linda Simon, Member, Executive, AVETRA, *Committee Hansard*, Sydney, 8 April 2014, p. 5-6.

50 NTEU, *Submission 38*, p. 5.

- Up to 45% of the registered training organisations were marketing and advertising misleading information
- Some practices breach the standards required to be met to offer national training qualifications;
- Organisations that are not registered training organisations are acting as brokers for those that are, which in many cases is misleading consumers;
- Consumers, including students and employers are often provided with ambiguous and/or insufficient information to make informed training choices.<sup>51</sup>

5.56 The Hon Michael Lavarch, Commissioner, Risk Analysis and Investigation, ASQA, elaborated on some of the specific advertising practices ASQA found in surveying the RTOs:

About 11 per cent of providers were still advertising superseded quals – things which had fallen off their scope were still on their scope – and quite a disturbing number, something like 50 per cent, had marketing qualifications that looked like you could get the outcome in unrealistically short time frames. That report did indicate a lot of the concerns that had been expressed. There is some foundation in empirical work that we have done to support those claims.<sup>52</sup>

5.57 In its report ASQA made the following recommendations:

- making RTOs' 'marketing and advertising a very high priority in [ASQA's] regulation of registered training organisations';
- 'future and periodic random sampling of web sites [by ASQA] to identify potential non-compliance with the standards for the national regulation of VET and ... conduct[ing] national workshops to reinforce and explain to registered training organisations the requirements of the standards;
- that the then NSSC 'enhance the standards for the national regulation of VET that relate to marketing and advertising';
- that the then NSSC and VET regulators 'work together to address volume of learning concerns identified in the ... review in order to feed into the NSSC's review of the standards for the national regulation of VET'; and

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51 Australian Skills Quality Authority (ASQA), *Marketing and advertising practices of Australia's registered training organisations*, p. ii, <[http://www.asqa.gov.au/verve/\\_resources/Strategic\\_Reviews\\_2013\\_Marketing\\_and\\_Advertising\\_Report.pdf](http://www.asqa.gov.au/verve/_resources/Strategic_Reviews_2013_Marketing_and_Advertising_Report.pdf)> viewed 24 October 2014.

52 The Hon Michael Lavarch, Commissioner, Risk Analysis and Investigation, ASQA, *Committee Hansard*, Canberra, 6 June 2014, p. 21.

- that 'consideration to be given to identifying what measures might be necessary to ensure that consumers using VET brokers are fully protected'.<sup>53</sup>

5.58 One inquiry participant, Ms Aliesje Kolovis, provided specific examples of poor marketing practices within the VET sector. Ms Kolovis has worked with those who can be particularly vulnerable to these practices:

Example 1.

This client who is a vulnerable and at risk young mum, came to me ... excited as she was enrolling into a Diploma of Community Services course with an online provider. When I explored this, she informed me that she met a man in public, who advised her that he was an employee of a college ... and he could enrol her into a Diploma of Community Services for \$13,000 and she would also be given a laptop/tablet. I immediately advised her against this, and provided her with education around alternative, cheaper options. Not only is this an outrageous cost for a Diploma, but my client has had no prior experience or education in Community Services. I believe the lack of regulation is not only deceiving to potential students, but it will have a negative impact on the quality of staff employed in the industry. State TAFEs (to my awareness) all possess entry requirements to Diploma courses, generally a minimum Certificate IV or equivalent in experience.

Example 2.

An at risk young mum was researching education options recently through Open Universities. She was attempting to enrol into a \$10 000 Diploma in counselling. Prior to me providing information, this client did not know that \$10 000 for a Diploma was an unreasonable amount, and that she could do the same course for approximately \$2500 at State TAFEs.

Example 3.

[One private provider] provide[s] [a] Diploma in Child care for \$15 000. Prior to my commencement, existing staff were unaware that State TAFEs provided this course (and many others) at much lower costs. [The private provider was] providing tailored information workshops to the young, vulnerable and at risk mothers advertising their courses accompanied by VET FEE HELP payment options, highlighting the conditions of repayment (only

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53 ASQA, *Marketing and advertising practices of Australia's registered training organisations*, p. ii, <[http://www.asqa.gov.au/verve/\\_resources/Strategic\\_Reviews\\_2013\\_Marketing\\_and\\_Advertising\\_Report.pdf](http://www.asqa.gov.au/verve/_resources/Strategic_Reviews_2013_Marketing_and_Advertising_Report.pdf)> viewed 24 October 2014.

required once earning over a certain wage) with full awareness of their financial difficulties.<sup>54</sup>

### Inducements and other practices of concern

5.59 The Committee also received evidence relating to inducements offered by some RTOs and other practices of concern. The Victorian TAFE Association informed the Committee that:

Victorian TAFE providers have been adversely affected by the diminished reputation of VET qualifications once the public became aware of the behaviours of unscrupulous training organisations. 2011 and 2012 saw Victoria awash with numerous, well publicised, shonky, fly-by-night private providers delivering qualifications in a fraction of the time it takes at reputable providers and offering financial and other inducements to students and employers to enrol in courses.<sup>55</sup>

5.60 Also in relation to Victoria, one inquiry participant, Mr Al Svirskis, stated that:

There have been allegations that some private providers in Victoria have offered iPods and iPads as inducements for enrolling. Private RTOs, to my knowledge, are not required to make available publicly information on their staff-student ratios or the qualifications of their staff; many are small businesses or consortia, not required to disclose annual reports and financial statements. Such information is readily available to governments regarding TAFE.<sup>56</sup>

5.61 Ms Patricia Forward, Federal TAFE Secretary, Australian Education Union, provided evidence on the effect that inducements can have on the decision making of people entering the VET market:

I question very significantly the capacity of people to make proper choices in the system when in fact in many cases they are not paying for it at all. What is happening is that hugely subsidised qualifications are being offered by private providers and often with inducements. What we are dealing with here is that they are young people who are required, often at a very early stage in their lives, now to make choices. Initially, at least for many of them, it is a heavily subsidised qualification, which I think is a good thing; people should have access to publicly funded qualifications. But

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54 Unions WA, *Submission 49.1*, p. 17.

55 Victorian TAFE Association, *Submission 66*, p. 51.

56 Mr Al Svirskis, *Submission 140*, p. 9.

the issue here is that they are being offered those inducements and they are being offered, basically, heavily subsidised training in providers where the quality settings in the system not only, in my view, are too low but also are not clear.<sup>57</sup>

- 5.62 The Hon Michael Lavarch, Commissioner, Risk Analysis and Investigation, ASQA, noted specific practices of concern relating to fee collection identified by ASQA in its 2013 review of the marketing and advertising practices of over 400 VET RTOs:

A third of them had websites that allowed the collection of fees in advance. This could have potentially seen students clicking on for fees and paying fees in excess of the threshold level of fees in advance where there is a protection area there.<sup>58</sup>

- 5.63 In its 2013 *Marketing and advertising practices of Australia's registered training organisations* report ASQA found that:

Some complaints about RTO advertising related to the offering of inducements or incentives to purchase training services. Examples of this were also identified during web searches included:

- free iPad upon enrolment;
- two qualifications for the price of one; and
- half-price or discounted course fees.

Such incentives, which aim to attract clients in a competitive market place, are not necessarily misleading and/or deceptive or a breach of the marketing standard, but would become a concern if the incentive led to poor quality of services. If the discounts were so large that they compromised the RTO's [sic] capacity to provide quality training and assessment, this would be a concern.<sup>59</sup>

- 5.64 In addition, ASQA identified issues of concern in relation to the following:

- Arrangements for transitioning from superseded courses;<sup>60</sup> and,
- Course duration—courses or programs that appear to be of such short duration as to be ineffective.<sup>61</sup>

57 Ms Patricia Forward, Federal TAFE Secretary, AEU, *Committee Hansard*, Melbourne, 15 April 2014, pp. 11 – 12.

58 The Hon Michael Lavarch, Commissioner, Risk Analysis and Investigation, ASQA, *Committee Hansard*, Canberra, 6 June 2014, p. 21.

59 ASQA, *Marketing and advertising practices of Australia's registered training organisations*, p. 11, <[http://www.asqa.gov.au/verve/\\_resources/Strategic\\_Reviews\\_2013\\_Marketing\\_and\\_Advertising\\_Report.pdf](http://www.asqa.gov.au/verve/_resources/Strategic_Reviews_2013_Marketing_and_Advertising_Report.pdf)> viewed 24 October 2014.

60 ASQA, *Marketing and advertising practices of Australia's registered training organisations*, p. 16, <[http://www.asqa.gov.au/verve/\\_resources/Strategic\\_Reviews\\_2013\\_Marketing\\_and\\_Advertising\\_Report.pdf](http://www.asqa.gov.au/verve/_resources/Strategic_Reviews_2013_Marketing_and_Advertising_Report.pdf)> viewed 24 October 2014.

## Collaboration with industry and universities

- 5.65 Chapter 3 of this report deals with industry and TAFE linkages and Chapter 4 deals with partnerships, particularly between industry and TAFE, which form an important part of the provision of pathways to employment for TAFE students.
- 5.66 Similarly, collaboration between industry and TAFE in a competitive environment is important. The South West Sydney Institute gave evidence on the importance of collaboration in this context:

In the rapidly changing VET landscape South Western Sydney Institute (SWSi) will need to operate in a highly competitive environment, based on an entitlement and outcomes funded model that is market driven and has the imperatives of customer service, collaboration, partnerships and graduate outcomes.<sup>62</sup>

- 5.67 The TAFE Community Alliance informed the Committee of the 'outstanding outcomes' that collaboration can have in disadvantaged Local Government Areas (LGAs):

Intergenerational approaches often in collaboration with key community partners and taking advantage of TAFE as the complete package, are achieving outstanding outcomes with a number of groups. TAFE NSW runs effective programs in some of the most disadvantaged LGAs in New South Wales --- at Brewarrina, Walgett, Bowraville, Kempsey and Fairfield.<sup>63</sup>

- 5.68 TAFE SA informed the Committee of the wide ranging, collaborative agreements in place with three state public universities and the importance of raising its profile in this area:

TAFE SA has entered into Head Collaboration Agreements with each of the three State public universities: Flinders University, The University of Adelaide and the University of South Australia. These Head Collaboration Agreements provide a framework within which TAFE SA and the universities develop specific agreements such as co-delivery, dual offers, articulation, and credit transfer agreements from a TAFE SA qualification to a university program. Importantly, reverse credit transfers are also being discussed with universities to give those students who no longer wish to continue studying at university the opportunity to

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61 ASQA, *Marketing and advertising practices of Australia's registered training organisations*, p. 20, <[http://www.asqa.gov.au/verve/\\_resources/Strategic\\_Reviews\\_2013\\_Marketing\\_and\\_Advertising\\_Report.pdf](http://www.asqa.gov.au/verve/_resources/Strategic_Reviews_2013_Marketing_and_Advertising_Report.pdf)> viewed 24 October 2014.

62 Mr Paul Wilson, *Submission 141, Attachment A*, p. 6.

63 TAFE Community Alliance, *Submission 68.1*, p. 10.

use their studies to gain a TAFE SA qualification or to gain dual qualifications.

TAFE SA is aware of the need to raise the profile of its collaborations with universities. To this end TAFE SA's Noarlunga Campus in Adelaide's outer southern suburbs has welcomed Flinders University (based in the mid-southern suburbs) on to the campus with a dedicated 'shop front'.<sup>64</sup>

- 5.69 However, CQ University pointed to the relatively poor level of collaboration in Australia:

The Australian Innovation System Report Card 2013, chapter 2 states:

'collaborative innovation with research organisations more than triples the likelihood of business productivity growth ... [but] despite the benefits, Australia's overall levels of collaborative business innovation and business-to-research collaboration on innovation continue to compare poorly with other OECD countries. Relative to other OECD countries, Australia's level of collaborative innovation between industry and research is [also] at or below average, depending on firm size.'<sup>65</sup>

- 5.70 Dr John Russell suggested that this could be due to the competitive environment:

Operating a competitive training system means that a collaborative and cooperative training system is foregone. Many nations enjoy the benefits of a holistic education and training system based on collaboration and cooperation and their outcomes are the envy of the world. Similarly cooperation and collaboration are then reflet in such nation's industrial base.

The origin of competitive training systems resides in the application of a 'market driven' idealology [sic] to education and/or the inability of managers and accountants to understand the importance of collaboration and cooperation in the nurturing of a nationally integrated education system.<sup>66</sup>

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64 SA Government/Department of Further Education, Employment Science and Technology, *Submission 195*, p. 13.

65 Industry, Vocational Training & Access Education Division, CQ University, *Submission 183*, p. 7.

66 Dr John Russell, *Submission 165*, p. 2.

## Committee comment

- 5.71 Evidence received regarding unscrupulous marketing practices and other questionable practices is of concern to the Committee. Such practices can endanger both the experience of students and the reputation of training providers generally.
- 5.72 The Committee is encouraged by ASQA's identification of a number of practices of concern in its 2013 *Marketing and advertising practices of Australia's registered training organisations* report and its associated recommendations.
- 5.73 The Committee is of the view that the Australian Government should continue its current actions through ASQA, other regulators, national Training Standards and any other involved parties, to take suitable action to address loopholes that are allowing high-risk and unscrupulous practices to endanger the experience of students and the reputation of training provision.

### Recommendation 4

**The Australian Government should continue its current actions through the Australian Skills Quality Authority, other regulators, national Training Standards and any other involved parties, to take suitable action to address loopholes that are allowing high-risk and unscrupulous practices to endanger the experience of students and the reputation of training provision.**

- 5.74 The Committee views collaboration, particularly between industry and TAFE, as crucial in meeting the training needs of the Australian economy. Collaboration can also lead to innovation. Collaboration between TAFEs and industry and TAFEs and universities is to be encouraged.
- 5.75 As this report demonstrates, TAFE plays an essential role in the vocational and further education of Australians. It is integral to the development of skills for the Australian economy and provides crucial pathways to employment and tertiary education. TAFE also fulfils an important community support role as a provider of opportunities for those in positions of disadvantage and vulnerability. In discussions of the competitive market encompassing VET, the significant capital required by TAFE to carry out these functions is sometimes missed.
- 5.76 The substantial investment in TAFE capital-intensive courses and training facilities is a public asset. It is an asset at the state/territory level in respect of individual TAFE institutes and, more broadly, it is a significant asset for Australia.

- 5.77 Calls from industry for TAFE infrastructure and facilities to be available to private providers are supported. However, given that TAFE operates in the competitive training market, such arrangements should be on a commercial basis. It should not be the case that TAFEs provide their facilities on a 'cost' basis, thereby in effect providing a form of assistance to private providers.
- 5.78 It is a concern that Australian Government funding for TAFE cannot be quantified. The Australian Government should put in place reporting, via the NCVET, that captures the exact federal financial contribution made to TAFE and its application by state and territory governments.

### **Recommendation 5**

**The Australian Government should put in place reporting, via the National Centre for Vocational Education Research, that captures the exact federal financial contribution made to TAFE and its application by state and territory governments.**

- 5.79 It is also a concern that the current outcomes-based Australian Government VET funding structure does not appear to take into account the specific capital requirements of TAFE, or its important role in supporting the training needs of local and disadvantaged communities.
- 5.80 The Australian Government should, through the COAG framework, seek to ensure that VET funding takes into account TAFE capital requirements.

### **Recommendation 6**

**The Australian Government, should, via the Council of Australian Governments, seek to ensure that VET funding takes into account TAFE capital requirements.**

- 5.81 The Australian Government should also, through COAG, seek to ensure that VET funding takes into account TAFE's particular role in providing opportunities for those in positions of disadvantage and vulnerability.

### **Recommendation 7**

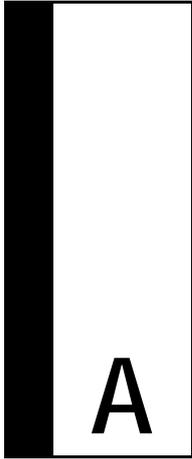
**The Australian Government, should, via the Council of Australian Governments, seek to ensure that VET funding takes into account the particular role of TAFE in providing opportunities for those in positions of disadvantage and vulnerability.**

Ewen Jones MP

Chair

22 October 2014





## Appendix A – List of submissions

- 1 Australasian College of Medical Sciences and Research
- 2 BPW Australia
- 3 Australian Federation of Graduate Women Inc.
- 4 Blue Mountains TAFE teachers Association
- 5 Australian Education Union (South Australian Branch)
- 6 SA Dairyfarmers' Association Inc
- 7 John Mitchell & Associates
- 7.1 John Mitchell & Associates
- 8 Australian Education Union (NSW Branch)
- 9 Manufacturing Skills Australia
- 10 Concerned Vocational Educators
- 11 Minerals Council of Australia
- 12 St Vincent de Paul Society National Council of Australia
- 13 economic Security4Women
- 14 Innovation and Business Skills Australia
- 15 Greens NSW
- 16 Australian Manufacturing Workers Union
- 17 Department of Business, Northern Territory Government
- 18 NSW Adult Literacy and Numeracy Council
- 19 Construction & Property Services Industry Skills Council

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- 20 Queensland Fitness, Sport and Recreation Skills Alliance
- 21 Mr Ben O'Hara
- 22 TAFETA, Albury Campus Branch
- 23 LeadWest Ltd
- 24 Shop, Distributive & Allied Employees' Association
- 25 Gold & Silversmiths Guild of Australia, Jewellery Association of Australia,  
Gemmological Association of Australia
- 26 Australian Education Union, Northern Melbourne Institute of TAFE Sub  
Branch
- 27 Brimbank Social Justice Coalition and Brimbank City Council
- 28 Australian College of Educators
- 29 Good Shepherd Youth & Family Service
- 29.1 Good Shepherd Youth & Family Service
- 30 North Coast TAFE Institute Council
- 31 Community and Public Sector Union / Civil Service Association
- 32 Tasmanian Polytechnic
- 33 Chamber of Commerce and Industry Queensland
- 34 Holmesglen
- 35 Mountains Community Resource Network
- 36 Automotive Skills Queensland
- 37 Community and Public Sector Union - ACT
- 38 National Tertiary Education Union
- 38.1 National Tertiary Education Union
- 39 Metropolitan South Institute of TAFE
- 40 Box Hill Institute
- 41 Service Skills Australia
- 42 VISTA Association of VET Professionals
- 43 TAFE NSW Outreach
- 44 Muswellbrook Shire Council

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45	The Deakin University Social Work/Gordon TAFE Community Services Work Geelong Based, Project Team
46	Australian Chamber of Commerce and Industry
47	Deaf Australia Inc
48	Adult Learning Australia
49	UnionsWA
49.1	UnionsWA
50	Australian Council for Private Education and Training
51	The Smith Family
52	Yarra Valley Educational Precinct Committee
53	ForestWorks
54	National Association for the Visual Arts
55	Australian Workforce and Productivity Agency
55.1	Australian Workforce and Productivity Agency
56	The Australian Industry Group
57	Australian Youth Affairs Coalition
58	ACTU
59	Women in Adult and Vocational Education
60	William Angliss Institute
61	Victorian Government
62	Australian Vocational Education and Training Research Association
62.1	Australian Vocational Education and Training Research Association
63	AgriFood Skills Australia
64	Marrickville Multicultural Interagency
65	NSW TAFE Commission Board
65.1	NSW TAFE Commission Board
66	Victorian TAFE Association
66.1	Victorian TAFE Association

67	Public Service Association / Community Public Sector Union
68	TAFE Community Alliance
68.1	TAFE Community Alliance
69	Community Services and Health Industry Skills Council
69.1	Community Services and Health Industry Skills Council
70	TAFE Directors Australia
70.1 -70.2	TAFE Directors Australia
71	National Employment Services Association
72	UnitingCare Children, Young People and Families
73	Australian Education Union
74	University of New South Wales
75	Curtain Consulting
76	John Mitchell & Associates
77	University of Melbourne
78	Ms Gay Taylor
79	DR Chandler
80	Mr Barry Treleaven
81	Mr Scott Umbers
82	Maha Abed
83	Mr Ralph Johnson
84	Ms Lorraine Watson
85	Ms Alison Clouston
86	Ballad Films
87	Ms Kay Hughes
88	Mr Ross Stagg
89	Ms Sue de Smet
90	Mr Rohan Langford
91	Mr Robert Ives

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92	Mr Damien Vanderwolf
93	Ms Diana Varcoe Hurst
94	Ms Sara Lembo
95	Ms Elizabeth Chase
96	Hornsby TAFE
97	Ms Melissa Baldwin
98	Ms Linda Swinfield
99	Mr Clark McCallum
100	Mr Marlo Campbell
101	Ms Catrina Huie
102	Ms Kathleen Kelly
103	Ms Jo Hobson
104	Ms Anne Crocker
105	Ms Marlene Houston
106	Ms Judith Daley
107	Mr Richard Gregory
108	Fine Jewellery & Designers
109	Ms Sarah de Jong
110	Ms Karen Lee
111	Ms Helen O'Connor
112	Ms Rasata Knight
113	Ms Amanda Hale
114	Ms Jo Walters
115	Ms Elizabeth Day
116	Ms Nicola Samson
117	Ms Janet Moore
118	Ms Elizabeth Law
119	Mr Andrew Das Arulsamy

120	Mr Lubomir Tchervenkov
121	Ms Karen Woodhall
122	Ms Kerry Stratton
123	Ms Jo Errey
124	Ms Moira Nelson
125	Mr Charles Lowe
126	Mr Shaun Thorpe
127	Ms Erica Jolly
128	Mr David Brigden
129	Ms Elin Howe
130	Mr Jim Duffield
131	Mr Tim Riessen
132	Dr John Mitchell
133	Ms Gail Nichols
134	Ms Patricia Fitzgerald
135	Ms Glenda Pryor
136	Ms Melinda Riches
137	Ms Marian McDuie
138	Dr Roland Bannister
139	Dr Glenn Costin
139.1	Dr Glenn Costin
140	Al Svirskis
141	Mr Paul Wilson
142	Mr Bill Shaw
143	Mr Michael Buswell
144	Polly Pickles
145	Mr Darren Curl
146	Mr Tom Buckland

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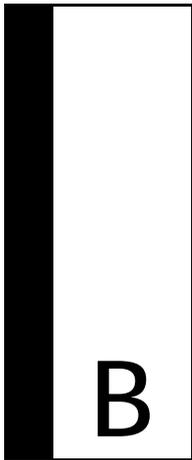
147	Mr Neil Hauxwell
148	Ms Kay Gibson
149	Ms Kristine Highet
150	Mr Graeme Macey
151	Mr Peter O'Kelly
152	Polytechnic West
153	Name Withheld
154	Enviro-sys Pty Ltd
155	Mr James Duffield
156	Mr Declan Hart
157	Ms Ruby Davis
158	Mr Marty Branagan
159	Mr Paul Gunner
160	Ms Teresa Lee-Windser
161	Ms Judith Steanes
162	Mr Kevin Heys
162.1	Mr Kevin Heys
163	Ms Sandra Cotton
164	New England Institute TAFE NSW
165	Dr John Russell
166	Ms Helen Nugent
167	NSW Government
168	Ms Marian Arnold
168.1	Ms Marian Arnold
169	Mr Ted Howells
170	Australian Human Rights Commission
171	Mr Gavin Moodie
172	LH Martin Institute

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172.1	LH Martin Institute
173	Dr Shannon Lee
174	Mr John Williams
175	Mr Keith Thompson
176	Mr Peter Crocker
177	Mr Paul Roberts-Thomson
178	Australian Library Information Association
179	Mr Chris Bromley
180	Ms Amanda Rose
181	Vocation
182	ACTU
	Industry, Vocational Training & Access Education Division -
183	CQUniversity
184	Australian Association of Mathematics Teachers
185	VACC
186	Department of Industry
186.1	Department of Industry
187	Jewellery Training Council & Jewellers Association of Australia
188	Mr Andreas Makarewitsch
189	HunterNet Group Training Company Pty Ltd
190	Australian Skills Quality Authority
191	Professor Marcus Bowles
192	Tasmanian Department of Education
193	Tourism Accommodation Australia
194	Komatsu Australia Pty. Ltd.
	SA Government/ Department of Further Education, Employment, Science
195	& Technology
196	National Centre for Vocational Education Research
197	Auto Skills Australia Ltd

198	The Equine Dental Association of Australia
199	Department of Defence
200	Confidential
201	Centennial Training International Pty Ltd
202	Global Access Project





## Appendix B – List of hearings and witnesses

**Thursday, 30 May 2013 - Canberra<sup>1</sup>**

**Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education**

Ms Jessie Borthwick, Head of Division, Tertiary Quality and Student Support

Ms Peta Furnell, Head of VET Reform Division

Mr Martin Graham, General Manager, VET Transparency Reform

Mr Robert Griew, Associate Secretary, Tertiary, Skills and International

Ms Christine Woodgate, General Manager

**Friday, 7 June 2013 - Brisbane<sup>2</sup>**

**AgriFood Skills Australia**

Mr Arthur Blewitt, CEO

**Australian Council of Trade Unions**

Mr Tim Shipstone, Industrial Officer

**Australian Education Union**

Ms Patricia Forward, Federal TAFE Secretary

Mr Phillip Smith, Councillor-Teacher

**Australian Education Union Victorian Branch**

Ms Angela Di Sciascio, State Councillor, TAFE/TAP Council

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1 Hearing in the 43<sup>rd</sup> Parliament.

2 Hearing in the 43<sup>rd</sup> Parliament.

**Australian Youth Affairs Coalition**

Mr Andrew Cummings, Executive Director

**Chamber of Commerce and Industry Queensland**

Ms Clare East, Workplace Relations, Education and Training Policy Adviser

Mr Nicholas Behrens, General Manager, Advocacy

**Deaf Australia Inc**

Ms Catherine Clark, Expert Advisor on Education

Ms Karen Lloyd, Executive Officer

**Economic Security4Women**

Ms Dalma Jacobs, Council Member

Ms Linda Simon, Council Member

**Manufacturing Skills Australia**

Mr Bob Paton, CEO

**NSW Teachers Federation**

Ms Glenys Wensor, Member

**Queensland Resources Council**

Mr Gregory Lane, Deputy Chief Executive

**Queensland Teachers' Union**

Mr Kevin Bates, President

Mr Scott Tibaldi, Executive Member - TAFE Division

**TAFE Directors Australia**

Ms Pamela Caven, Director Policy and Stakeholder Engagement

Ms Kaylene Harth, Board Member

**Wednesday, 19 March 2014 - Canberra****TAFE Directors Australia**

Ms Pamela Caven, Director Policy and Stakeholder Engagement

Mr Adrian Marron, Member

Mr Martin Riordan, CEO

**Tuesday, 8 April 2014 - Sydney****Australian Vocational Education and Training Research Association**

Mr Kevin Heys, Treasurer and Public Officer

**John Mitchell & Associates**

Dr John Mitchell, Managing Director

**Australian Workforce and Productivity Agency**

Ms Marilyn Hart, Director, Research and Tertiary Education Reform

Mr Robin Shreeve, CEO

**Community Services and Health Industry Skills Council**

Mr Rod Cooke, CEO

Dr Brendan Goodger, Manager Policy and Research

**TAFE Community Alliance**

Ms Linda Simon, Executive

**Tuesday, 15 April 2014 - Melbourne****Australian Council for Private Education and Training**

Mr Mel Koumides, Deputy National Chair

Mr Daryl Neilson, Member, Victorian Executive Committee

Ms Jennifer Anne Field, Board Member

**Australian Education Union**

Ms Patricia Forward, Federal TAFE Secretary

**Holmesglen Institute**

Ms Mary Faraone, Chief Executive

Ms Fleur Goulding, Manager, Research and Planning

**Innovation and Business Skills Australia**

Ms Linda Ann Evans, Deputy Chair

Ms Patricia Anne Neden, CEO

**LH Martin Institute**

Mr John Maddock, Senior Fellow

Mr Brendan Sheehan, Honorary Senior Fellow

**National Employment Services Association**

Mrs Rebecca Jackson, Senior Policy Adviser

Dr Caroline Smith, Deputy CEO

**National Tertiary Education Union**

Mr Paul Kniest, Policy and Research Coordinator

Ms Janet Bourke, Industrial Organiser

Ms Rachel Neumann, President

**William Angliss Institute**

Mr Nicholas Hunt, CEO

**Wednesday, 16 April 2014 - Bendigo**

Ms Lisa Chesters MP, Member for Bendigo

**Bendigo Access Employment**

Dr Michael Langdon, CEO

Mr Malcolm Macpherson, Executive Manager

**Bendigo Senior Secondary College**

Ms Jennifer Moloney, Vocational Learning Manager

Mr Robert Pearce, Principal

**Bendigo TAFE**

Mr Peter Coyne, CEO

**Catholic College Bendigo**

Mr Michael Chalkley, Principal

Mr Phillip Molloy, VET Coordinator

**Girton Grammar School**

Mr Les Evans, Senior Master

**Goldfields Local Learning and Employment Network**

Ms Anne Brosnan, Executive Officer

**Industry Skills Centre, Federation University Australia**

Associate Professor Barry Wright, Executive Director

**Keech Castings Australia Pty Ltd**

Dr Herbert Hermes, CEO

**Kyneton Secondary College**

Mr Christopher Bromley, Careers Adviser

Mr Mark Ridgeway, Principal

**La Trobe University**

Ms Catherine Farrell, Project Coordinator

Professor John Rosenberg, Senior Deputy Vice-Chancellor

**Wednesday, 30 April 2014 - Launceston****Catholic Education in Tasmania**

Dr Patricia Hindmarsh, Director

**Department of Education, Tasmania**

Mr Paul (Ciaran) Murphy, Acting Deputy Secretary

**IndustryLink**

Mr Tony Kennedy, CEO

**TasTAFE**

Mrs Anne Blythman, General Manager

Ms Michelle Purdy, Aboriginal VET Officer

**University of Tasmania**

Mr Marcus Bowles, Deputy Director VET and Industry Research

Ms Dayna Broun, Industry and Development, Division of the Pro Vice Chancellor

Professor Susan Kilpatrick, Pro Vice-Chancellor (Students)

**Tasmania Prison Service**

Dr Kay Cuellar, Senior Manager

**Group Training Association Tasmania Inc**

Mr Geoff Fader, Executive Officer

**Tasmanian Farmers and Graziers Association**

Ms Jan Davis, CEO

**Tasmanian Hospitality Association**

Mr Stephen Old, CEO

**Tasmanian Chamber of Commerce and Industry**

Mr Michael Bailey, CEO

Ms Colleen Reardon, Operations Manager

**Virsis Consulting**

Ms Virginia Simmons, Director

**Wednesday, 7 May 2014 - Townsville****Barrier Reef Mount Isa and Tropical North Institute of TAFE**

Ms Joann Pyne, Director

**SPD Group Pty Ltd**

Mr Trevor Smedley, Director

**Tec-NQ Ltd**

Mr Joe Hoolahan, Business Development Manager

**TORGAS Inc.**

Mr George Peever, CEO

**Wednesday, 4 June 2014 - Canberra****Australian Chamber of Commerce and Industry**

Mr Stephen Bolton, Senior Advisor, Employment, Education and Training

Ms Borka Buseska, Adviser, National Employment, Education and Training

**Minerals Council of Australia**

Mr Chris James, Assistant Director, Workforce Skills

**Friday, 6 June 2014 - Canberra****AgriFood Skills Australia**

Mr Arthur Blewitt, CEO

Mr Robert Wilson, General Manager

**Australian Skills Quality Authority**

Dr Dianne Orr, Acting Chief Commissioner, Compliance

The Hon Michael Lavarch, Commissioner, Risk Analysis and Investigation

**Department of Industry, Innovation, Climate Change, Science, Research and Tertiary Education**

Mr Martin Graham, General Manager, VET Transparency Reform

Mr Craig Robertson, Skills Division, Head

Ms Fran Wylie, Manager, Policy and Research

**Thursday, 12 June 2014 - Adelaide****ASC Pty Ltd**

Mr Christian Hamilton, Workforce Capability Manager

**National Centre for Vocational Education Research**

Ms Susan Fergusson, General Manager, Statistics

**REDARC Electronics Pty Ltd**

Mr Anthony Kittel, Managing Director

**Restaurant and Catering Australia**

Mr Steven Balzary, Education and Training Consultant

Ms Sally Neville, CEO

**Friday, 13 June 2014 - Perth****Chamber of Minerals and Energy WA**

Mr Emmanuel Hondros, Manager, People Strategies

**CPSU/CSA**

Ms Rikki Hendon, Branch Assistant Secretary

**Morley Senior High School**

Mr Graham Connor, Deputy Principal

Ms Gay Fortune, Principal

Mr Harry Pasich, Vocational Education and Training Coordinator

**Private Capacity**

Ms Aliesje Kolovis

**State School Teachers Union of WA**

Ms Ramona Mitussis, TAFE Organiser

**Unions WA**

Mr Tim Dymond, Organising and Strategic Research Officer

Ms Meredith Hammat, Secretary

**Wednesday, 25 June 2014 - Canberra****CQ University**

Mr Nik Babovic, Vice-Chancellor

Professor Scott Bowman, Vice-Chancellor and President

**Wednesday, 16 July 2014 - Canberra****Manufacturing Skills Australia**

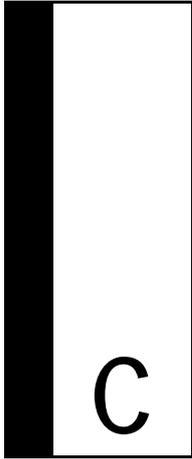
Mr Bob Paton, CEO

**TAFE Directors Australia**

Ms Pamela Caven, Director Policy and Stakeholder Engagement

Mr Martin Riordan, CEO, National Secretariat

Mr Adrian Marron, Member



## Appendix C – Photographs of training equipment from Hunter TAFE

This appendix presents a series of photographs with accompanying information as provided by Hunter TAFE. The photographs and information provide evidence of the large capital cost that TAFE Institutes can face in providing up-to-date machinery and equipment for training purposes. All costs are approximate and run costs include electricity, maintenance and repair (labour, lubrication, coolants), plus replacement of tooling in a training environment. Figures for run costs are annual figures.

## Fitting and machining

CNC machining centre (Hunter TAFE has 2 CNC machining centres)

- Make: Hartford LG 500
- Replacement cost: \$95 000 (this machine is less than 3 years old)
- Run cost: \$1 500

In the background of this photograph is a similar style of machine. It is an OkumaMX45VAE. The replacement cost for this machine is around \$220 000 for an equivalent new Okuma standard of machine. This is a good example of the differing cost between the lower-end machine technology and higher-end commercial grade machines.



Centre lathe (Hunter TAFE has 15 centre lathes)

- Make: Colchester Triumph 2500
- Replacement cost: \$45 000  
(lower quality equipment can be obtained for approximately \$10-15 000)
- Run cost: \$1 200



**Universal milling machine (Hunter TAFE has 6 milling machines)**

- Make: Pacific FU 110
- Replacement cost: \$55 000  
(lower quality equipment can be obtained for approximately \$15-25 000)
- Run cost: \$1 500

**Vertical turret milling machine (Hunter TAFE has 12 vertical turret milling machines)**

- Make: Kondia Powermill FV1
- Replacement cost: \$30 000  
(lower quality equipment can be obtained for approximately \$10-12 000)
- Run cost: \$1 200



CNC multi-axis lathe with milling option (Hunter TAFE has 2 multi-axis lathes)

- Make: Okuma Genos L300E-M
- Replacement cost: \$175 000 (machine is 15 months old)
- Run cost: \$1 500



## Refrigeration

Purpose-built multi-use refrigeration demonstration units (Hunter TAFE has 6 multi-use units)

- Replacement cost: \$25 000
- Run cost: \$2 000



Bar system training facility

- Replacement cost: \$20 000
- Run cost: \$2 000



Commercial merchandiser: reach-in customer service commercial freezer

- Replacement cost: \$15 000
- Run cost: \$1 000



Commercial freezer/cool room training system

- Replacement cost: \$35 000
- Run cost: \$5 000



**Refrigeration recovery units: ozone-depleting recovery systems (Hunter TAFE has 15 units)**

- Replacement cost: \$1 000
- Run cost: \$500

**Soft serve machine: commercial ice cream dispenser**

- Replacement cost: \$10 000
- Run cost: \$500



## Student tool bags—student issue tools

Student tool bag electrical—student general use electric tools (Hunter TAFE has 15 electrical tool bags with tools)

- Replacement cost: \$1 000



Student tool bag mechanical—student general use mechanical tools (Hunter TAFE has 15 mechanical tool bags with tools)

- Replacement cost: \$1 000



## Wood machinery

### Rover B woodworking machine

- Replacement cost: \$100 000
- Run cost: \$5 000



### Edge bander woodworking machine

- Replacement cost: \$33 000
- Run cost: \$5 000



### Rover 321R woodworking machine

- Replacement cost: \$100 000
- Run cost: \$5 000



### Sigma 65 beam saw

- Replacement cost: \$100 000
- Run cost: \$2 000

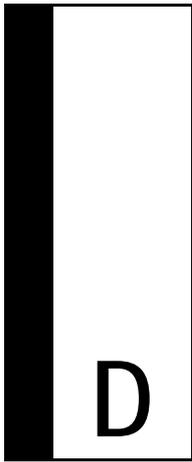


### Altendorf panel saw

- Replacement cost: \$50 000
- Run cost: \$2 000







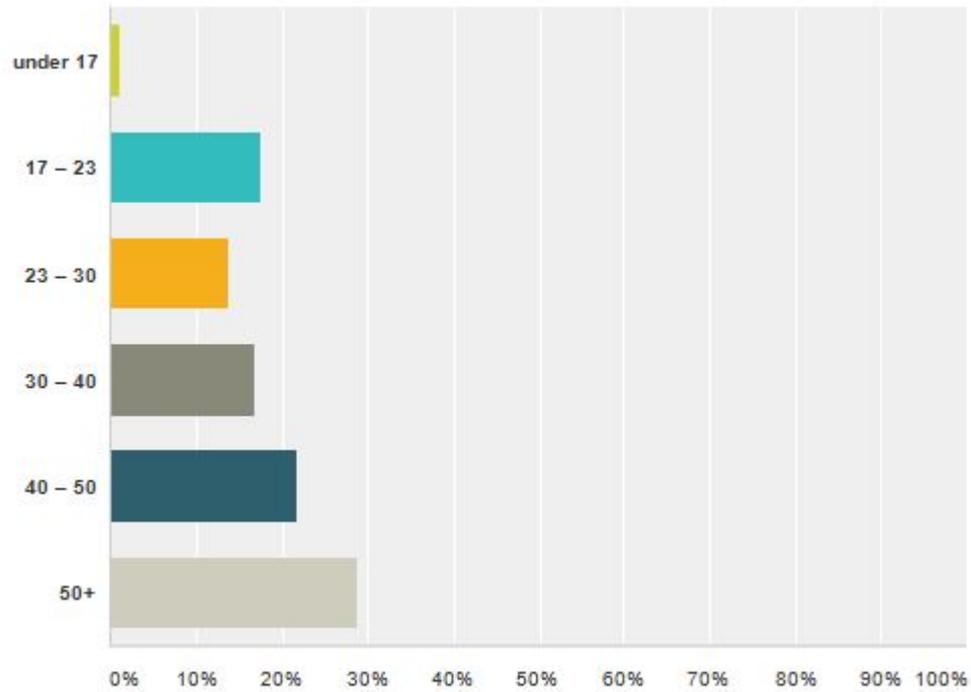
## Appendix D – Student survey results

This appendix presents the questions asked and the quantitative data results for the Committee's student survey (as outlined in Chapter 1). Questions 18 to 21 were answered in free format text. A selection of responses from these questions has been provided throughout Chapter 4.

## Question 1 – Please select the age group to which you belong

Answered: 6 635

Skipped: 14

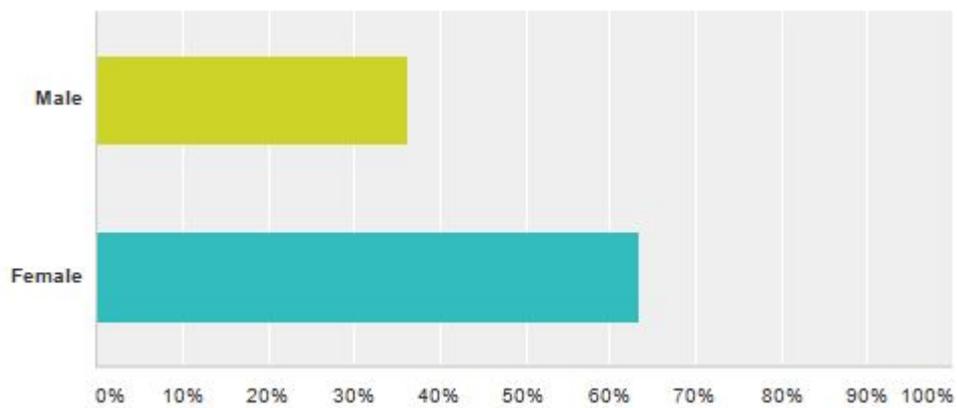


Answer Choices	Responses	
under 17	1.07%	71
17 – 23	17.48%	1,160
23 – 30	13.69%	908
30 – 40	16.85%	1,118
40 – 50	21.96%	1,457
50+	28.95%	1,921
<b>Total</b>		<b>6,635</b>

## Question 2 – Please select your gender

Answered: 6 635

Skipped: 14

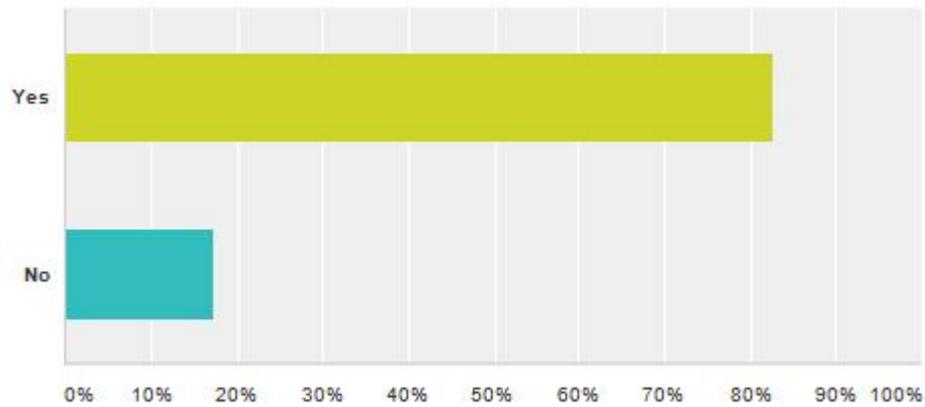


Answer Choices	Responses
Male	36.50% 2,422
Female	63.50% 4,213
<b>Total</b>	<b>6,635</b>

### Question 3: Is English your primary (first) language?

Answered: 6 635

Skipped: 14

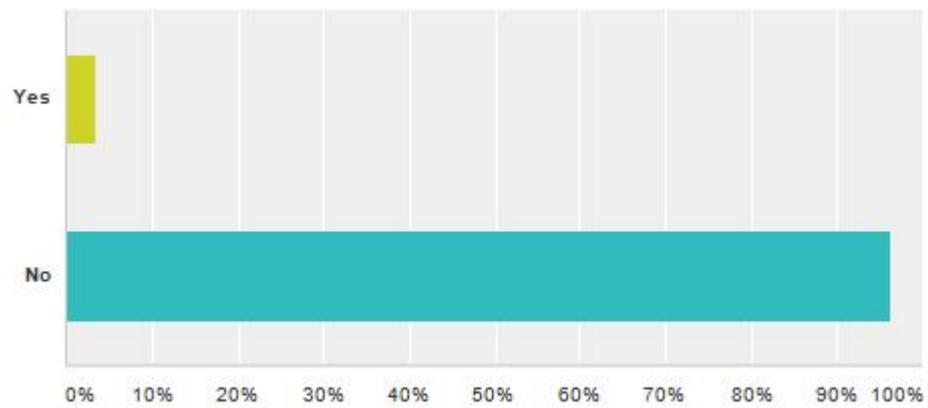


Answer Choices	Responses	
Yes	<b>82.64%</b>	5,483
No	<b>17.36%</b>	1,152
<b>Total</b>		<b>6,635</b>

### Question 4: Are you of Aboriginal or Torres Strait Islander origin?

Answered: 6 635

Skipped: 14

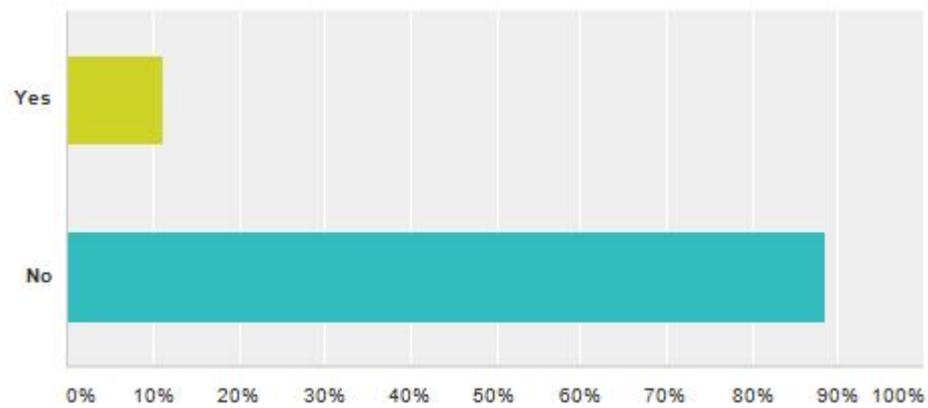


Answer Choices	Responses	
Yes	<b>3.47%</b>	230
No	<b>96.53%</b>	6,405
<b>Total</b>		<b>6,635</b>

### Question 5: Do have a disability that affects you in terms of work and/or study options?

Answered: 6 635

Skipped: 14

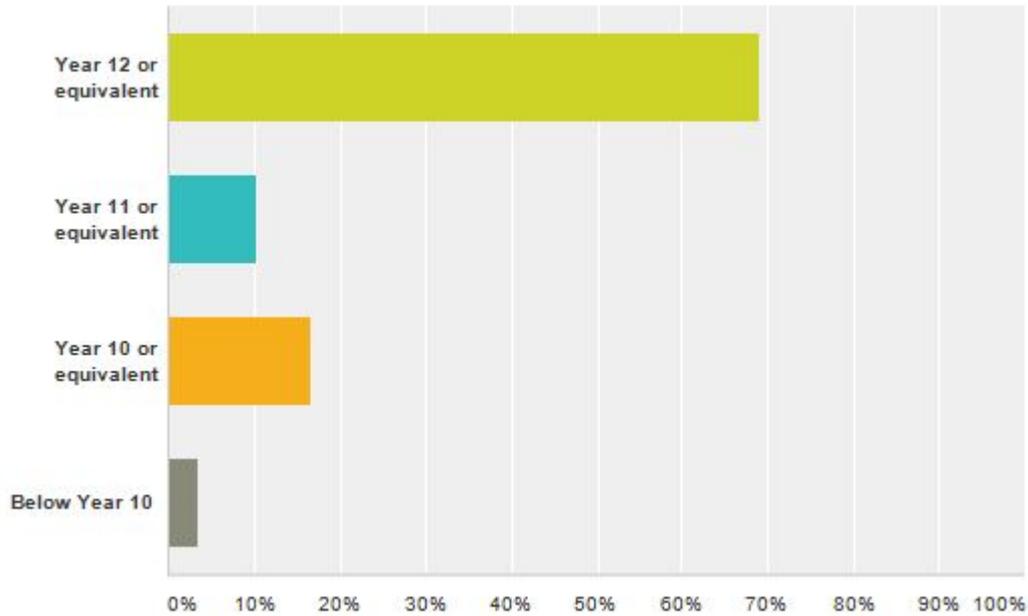


Answer Choices	Responses
Yes	11.24% 746
No	88.76% 5,889
<b>Total</b>	<b>6,635</b>

### Question 6: What is the highest level of schooling you have completed?

Answered: 6 635

Skipped: 14

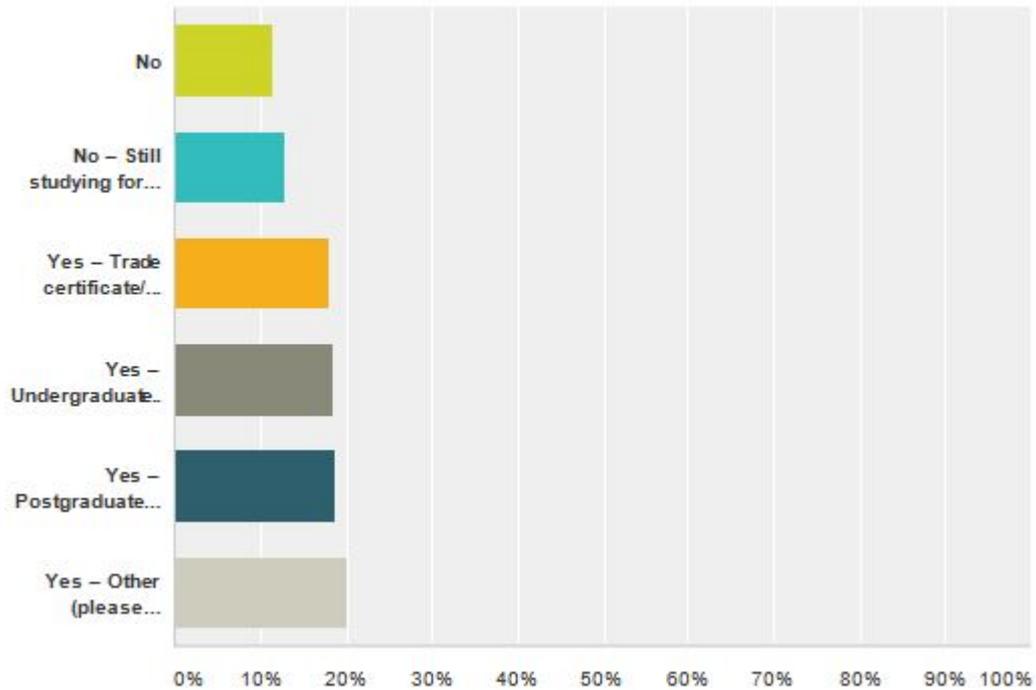


Answer Choices	Responses	
Year 12 or equivalent	<b>69.12%</b>	4,586
Year 11 or equivalent	<b>10.46%</b>	694
Year 10 or equivalent	<b>16.80%</b>	1,115
Below Year 10	<b>3.62%</b>	240
<b>Total</b>		<b>6,635</b>

## Question 7: Have you completed any other qualification?

Answered: 6 635

Skipped: 14

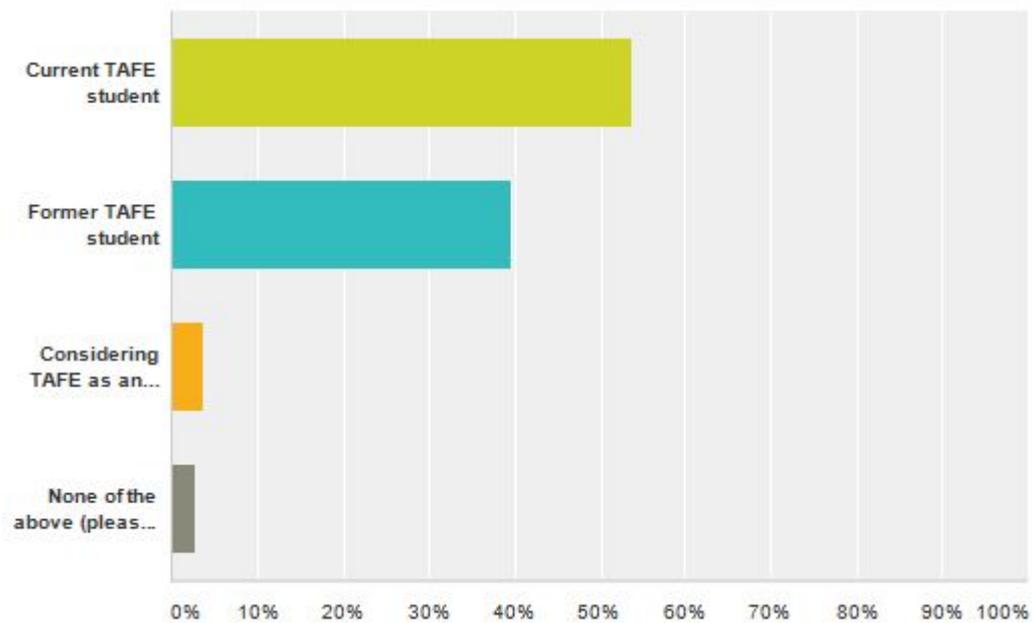


Answer Choices	Responses
No	11.42% 758
No – Still studying for first qualification	12.89% 855
Yes – Trade certificate/apprenticeship	18.09% 1,200
Yes – Undergraduate qualification	18.61% 1,235
Yes – Postgraduate qualification	18.69% 1,240
Yes – Other (please specify)	20.30% 1,347
<b>Total</b>	<b>6,635</b>

## Question 8: Are you a...

Answered: 6 635

Skipped: 14

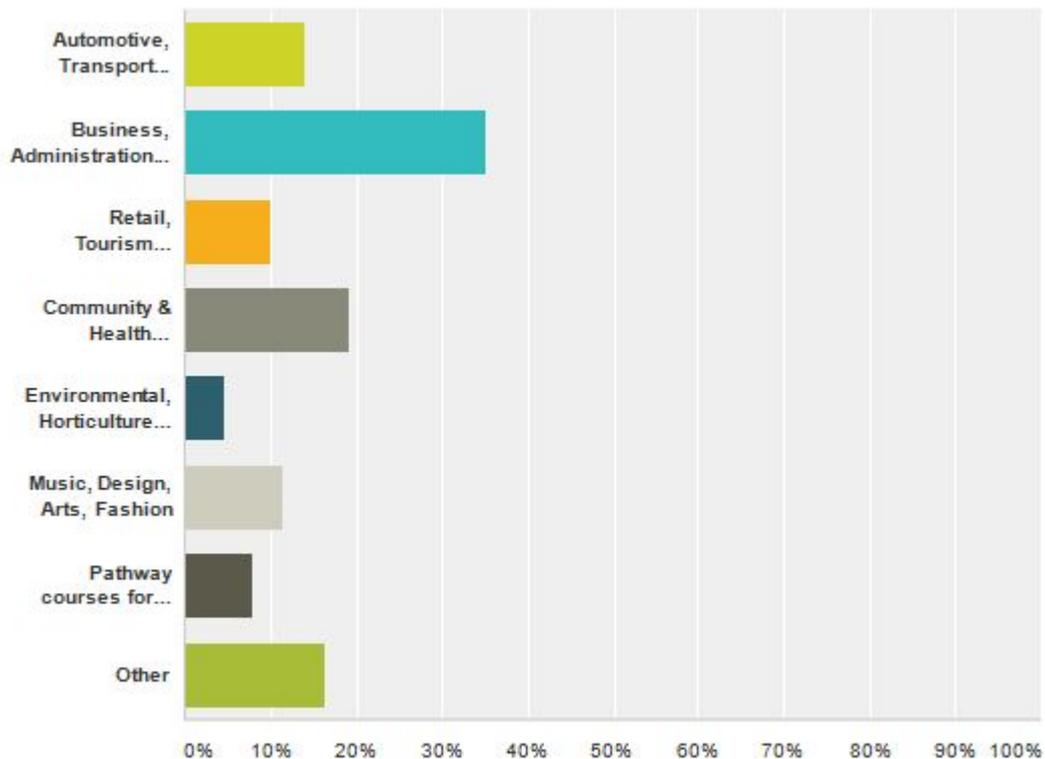


Answer Choices	Responses
Current TAFE Student	<b>53.91%</b> 3,577
Former TAFE student	<b>39.58%</b> 2,626
Considering TAFE as an option for future study	<b>3.86%</b> 256
None of the above (please specify)	<b>2.65%</b> 176
<b>Total</b>	<b>6,635</b>

**Question 9: What is the field of study that you are intending to complete, are currently studying, or have completed? (Tick all that apply)**

Answered: 6 635

Skipped: 14

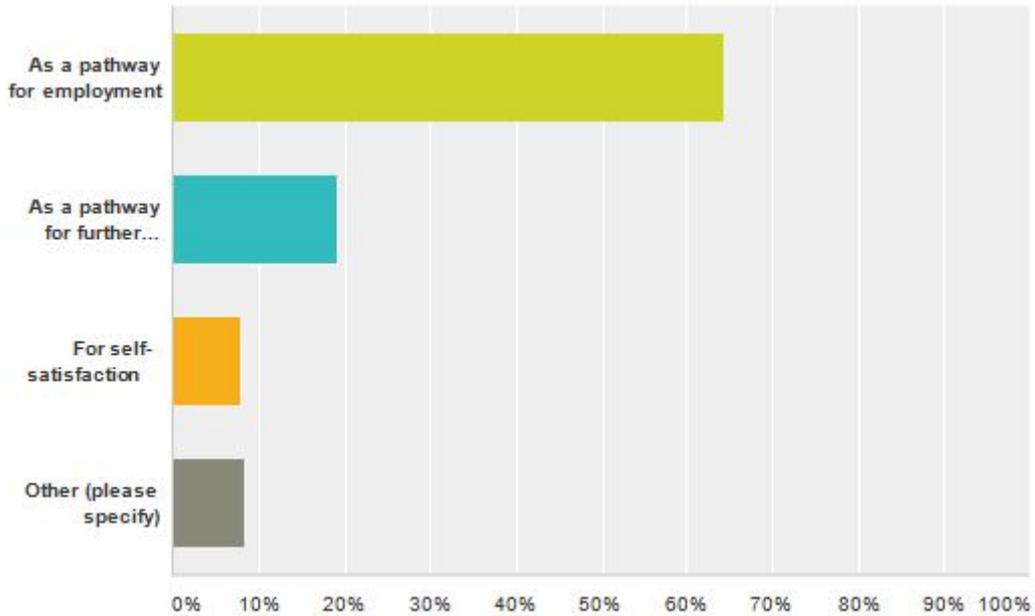


Answer Choices	Responses
Automotive, Transport, Building & Construction, Electrotechnology, Engineering & Manufacturing	14.14% 938
Business, Administration, Information Communications & Technology	35.34% 2,345
Retail, Tourism, Hospitality, Beauty & Hairdressing	9.99% 663
Community & Health, Childcare, Disability Care, Aged Care	19.11% 1,268
Environmental, Horticulture, Rural & Animal	4.87% 323
Music, Design, Arts, Fashion	11.57% 768
Pathway courses for work or future education	8.00% 531
Other	16.49% 1,094
<b>Total Respondents: 6,635</b>	

### Question 10: What is the main purpose of this study?

Answered: 6 635

Skipped: 14

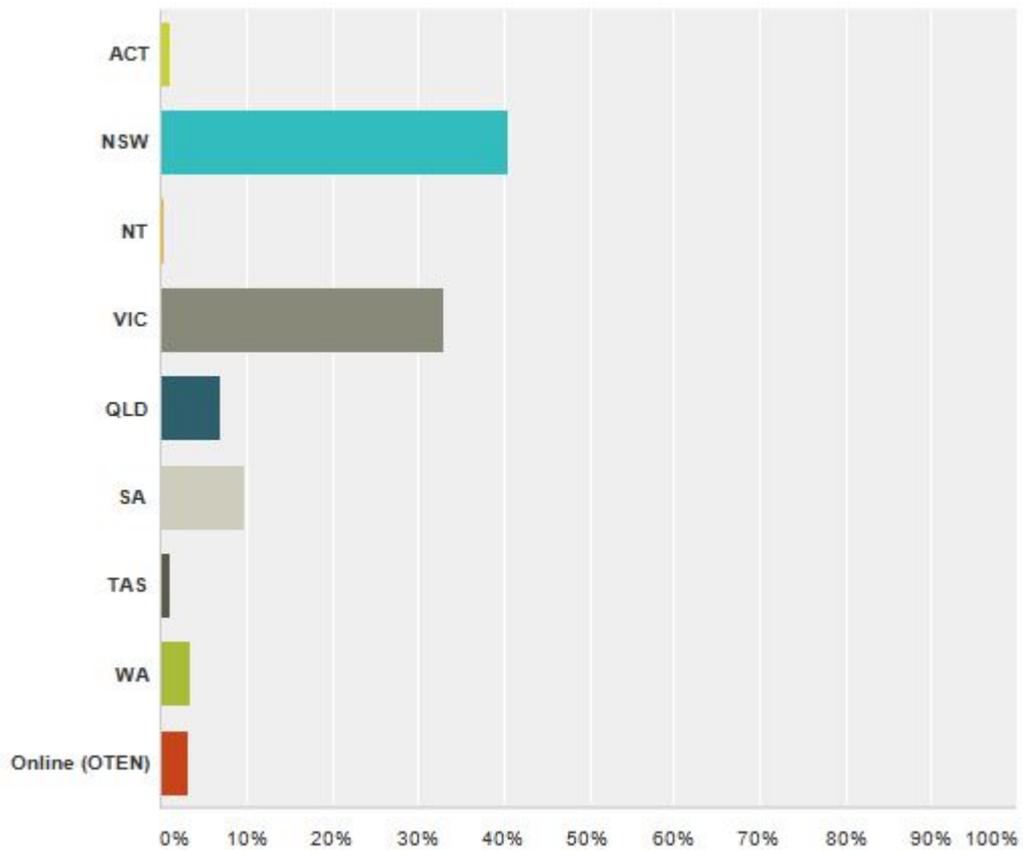


Answer Choices	Responses
As a pathway for employment	<b>64.20%</b> 4,260
As a pathway for further education	<b>19.29%</b> 1,280
For self-satisfaction	<b>8.03%</b> 533
Other (please specify)	<b>8.47%</b> 562
<b>Total</b>	<b>6,635</b>

### Question 11: In which state is the TAFE campus located in?

Answered: 6 561

Skipped: 88

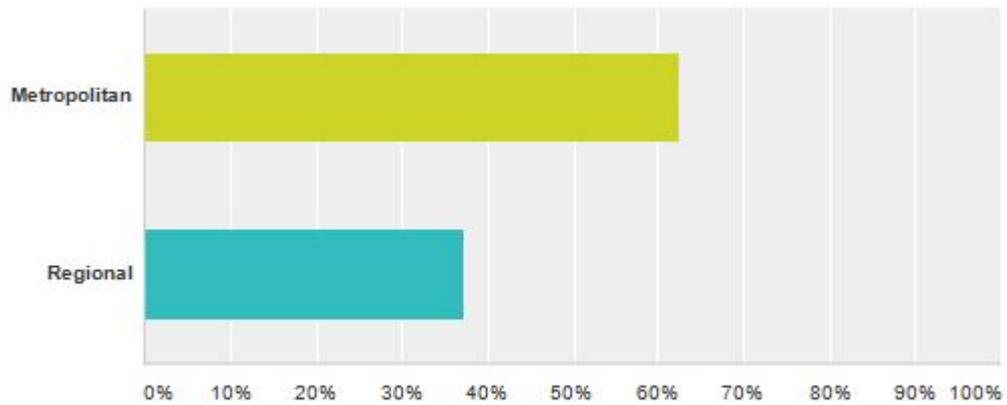


Answer Choices	Responses
ACT	1.11% 73
NSW	40.62% 2,665
NT	0.17% 11
VIC	33.10% 2,172
QLD	7.06% 463
SA	9.88% 648
TAS	1.02% 67
WA	3.64% 239
Online (OTEN)	3.40% 223
<b>Total</b>	<b>6,561</b>

## Question 12: Is the TAFE campus ...

Answered: 6 561

Skipped: 88

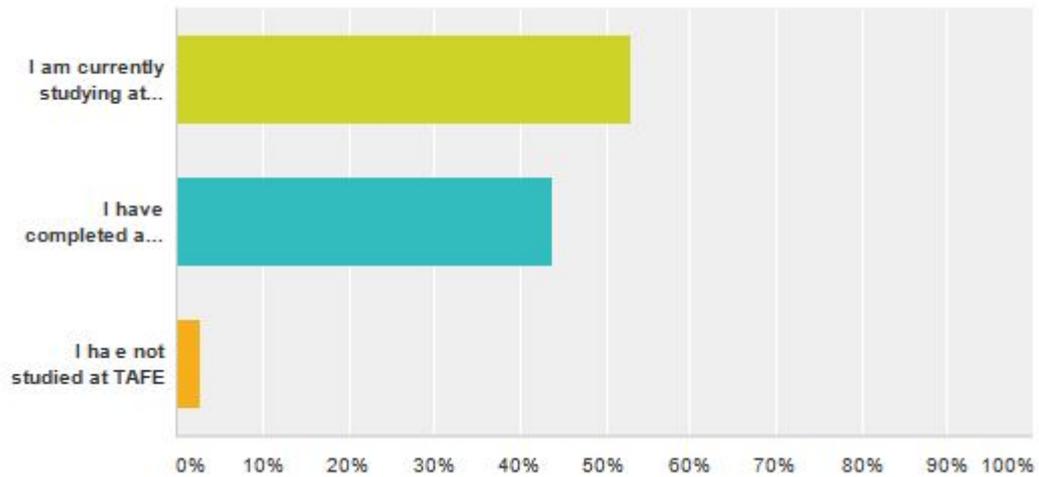


Answer Choices	Responses
Metropolitan	<b>62.60%</b> 4,107
Regional	<b>37.40%</b> 2,454
<b>Total</b>	<b>6,561</b>

### Question 13: Are you currently studying at TAFE or have you completed a TAFE Qualification?

Answered: 6 535

Skipped: 114

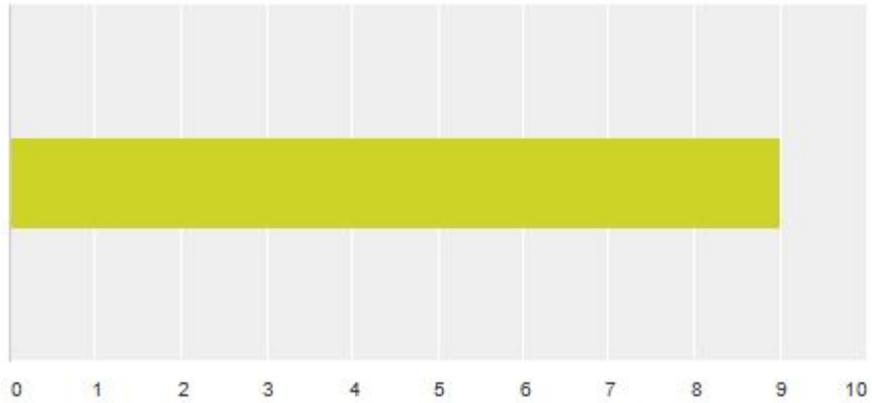


Answer Choices	Responses
I am currently studying at TAFE	53.02% 3,465
I have completed a TAFE qualification	43.98% 2,874
I have not studied at TAFE	3.00% 196
<b>Total</b>	<b>6,535</b>

**Question 14: How do you feel that this qualification is valued with potential or current employers?**

Answered: 5 965

Skipped: 684

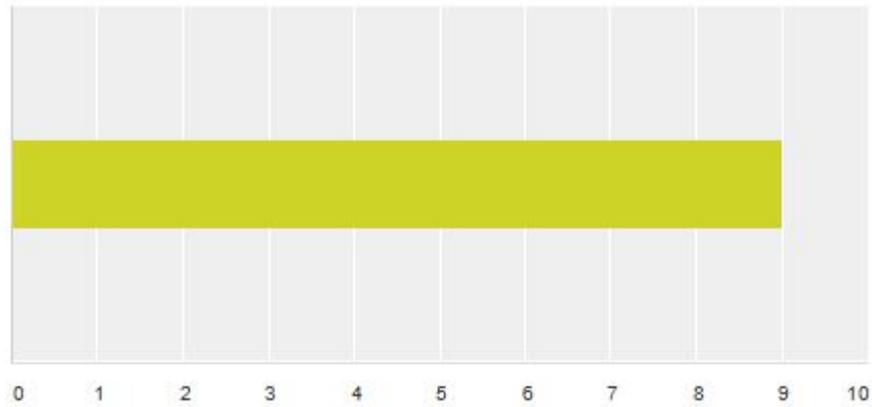


Not valued									Valued	Total	Average Rating
2.13%	1.32%	2.41%	2.28%	5.72%	6.45%	9.64%	12.71%	11.53%	45.80%	5,965	8.19
127	79	144	136	341	385	575	758	688	2,732		

### Question 15: How satisfied are you with the quality of TAFE teaching you have received?

Answered: 5 965

Skipped: 684

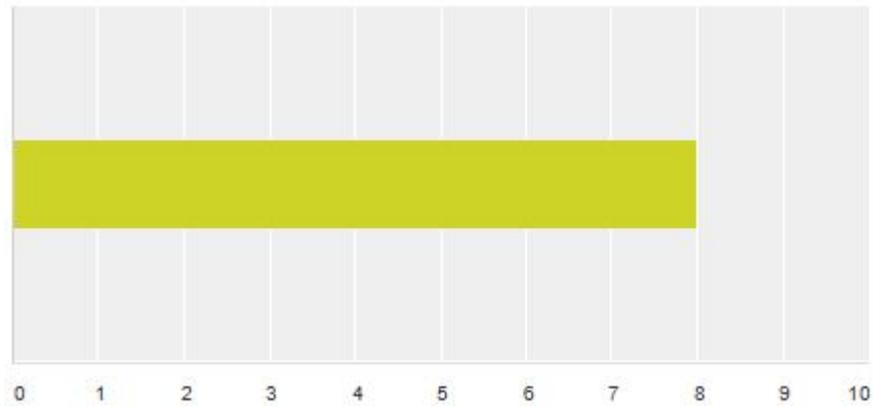


Not satisfied										Satisfied	Total	Average Rating
<b>3.19%</b>	<b>2.01%</b>	<b>2.43%</b>	<b>2.48%</b>	<b>4.66%</b>	<b>5.16%</b>	<b>7.63%</b>	<b>12.98%</b>	<b>13.14%</b>	<b>46.32%</b>			
190	120	145	148	278	308	455	774	784	2,763	5,965	8.17	

### Question 16: How satisfied are you with the quality of TAFE resources made available?

Answered: 5 965

Skipped: 684

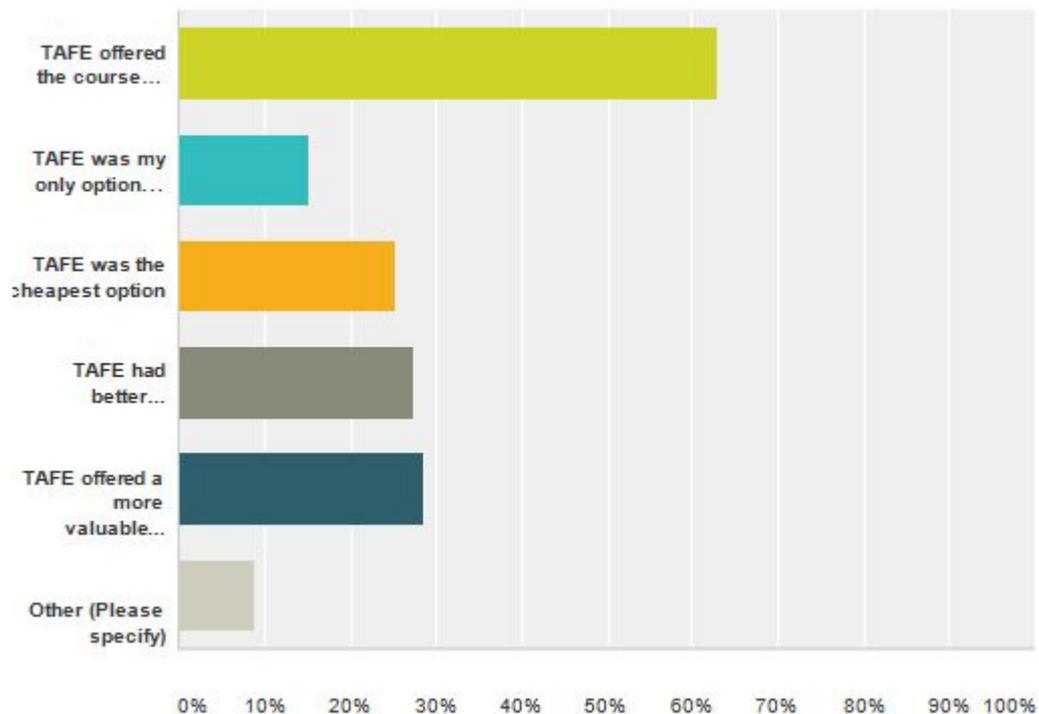


Not satisfied										Satisfied	Total	Average Rating
<b>3.74%</b>	<b>2.43%</b>	<b>3.27%</b>	<b>3.30%</b>	<b>5.85%</b>	<b>6.96%</b>	<b>9.99%</b>	<b>15.10%</b>	<b>14.23%</b>	<b>35.12%</b>			
223	145	195	197	349	415	596	901	849	2,095	5,965	7.73	

## Question 17: Why did you choose TAFE over another vocational training institution? (tick all that apply)

Answered: 5 965

Skipped: 684



Answer Choices	Responses
TAFE offered the course that I wanted	63.13% 3,766
TAFE was my only option due to my location	15.34% 915
TAFE was the cheapest option	25.53% 1,523
TAFE had better facilities and learning outcomes	27.48% 1,639
TAFE offered a more valuable qualification	28.68% 1,711
Other (Please specify)	8.99% 536
<b>Total Respondents: 5,965</b>	

**Question 18: Has your experience with TAFE been of any benefit to your personal situation? Please tell us why.**

Answered: 5 965

Skipped: 684

**Question 19: Please comment on what you believe are the most beneficial aspects of the TAFE system.**

Answered: 4 993

Skipped: 1 656

**Question 20: Please comment on what you think the TAFE system can improve.**

Answered: 4 647

Skipped: 2 002

**Question 21: Do you have any additional comments to make?**

Answered: 3 321

Skipped: 3 328

