



The TAFE Community Alliance Submission in response to the Productivity Commission, Interim Report on the National Agreement for Skills and Workforce Development Review.

The TAFE Community Alliance is an advocacy and strategy group that recognizes the central role of a strong, comprehensive publicly funded VET provider in the building of social, cultural and economic capacity of communities across Australia.

The Alliance does not support funding contestability involving the public provider nor its participation in a flawed and government manufactured training market. TCA supports collaboration across the TAFE system to drive a more rapid response to identified needs and efficiency and quality in education and training.

The TCA has examined the Productivity Commission's report and offers the following observations and comments, primarily in relation to the role and rationale of the public provider.

The effects of COVID-19 on vocational education and training

The Alliance notes that the pre-pandemic thinking that dominates the Interim Report takes no account of how State and Territory governments, citizens and businesses have relied on publicly funded TAFE institutes and systems to respond to labour market changes driven by the pandemic. TAFEs have been fast tracking innovative just-in-time training to support individuals who are recently unemployed, to support businesses needing to quickly pivot their business model and plan for post-COVID recovery and to support those industries most affected by the pandemic. The role of the public provider has become even more important to the economic and social well-being of states and territories during the pandemic, and that enhanced role for the public provider will endure for many years under any new agreement, notwithstanding Commonwealth Government and Productivity Commission preferences.

Despite recent Federal government policy and planning efforts to identify future workforce needs, there can be no formula-driven response to matching current training to the workforce of the future. This has been highlighted by the recent pandemic which has illustrated areas of shortage in industry, including manufacturing, and shortfalls in skilled workers in areas such as health and aged care. Labour markets are always changing but in this pandemic are restructuring in fundamental ways, and these changes will

continue for the foreseeable future during and post-COVID. The Interim Report does not acknowledge this changing context.

A far better approach would be to support the role of TAFEs across the country in developing capabilities of workers to be knowledgeable and flexible in a range of work areas, and in this way meet changing needs as they emerge. This calls for not only government confidence, but increased funding and recognition of the need for well qualified teachers.

The international student market relies on our TAFE system being publicly supported and quality assured. The esteem, range and depth of expertise and government ownership of TAFE are critical marketing points. As the public system is driven from one ill-conceived reform to another and one funding crisis to the next with huge professional teaching staff losses, that esteem and the confidence in Australia's technical and vocational education will gradually be eroded. We are gradually killing the goose that laid the golden egg that built the skills base of this nation. It is short-sighted and it will create a long shadow into our future as a productive, innovative, prosperous and socially just nation. In the wake of the pandemic recession this international market may not recover and reliance upon it by any sector of education should be reviewed.

The Agreement

TCA believes that the final report needs to take account of a very different economic reality facing the nation as a result of COVID 19 pandemic. This may lead to sets of assumptions different from those put forward in the report - fiscal sustainability, competitive neutrality and funding contestability - and therefore different conclusions about the role of public providers and their place in national economic recovery.

The pandemic has also seen innovative Commonwealth-State governance arrangements emerge. A principles-based new agreement as proposed in the Interim Report could hardly be considered as an innovative solution to managing the vexed and long-standing question of Commonwealth -State funding arrangements, especially as the new NASWD will only apply to Commonwealth funds which, vis a vis State and Territory funds, are a relatively small proportion of total VET funding. The Alliance had hoped that the removal of ideological blinkers could have allowed some fresh thinking, resulting in some fresh solutions rather than what is essentially more of the same shop-worn policies.

The Alliance does agree that the role of public providers needs to be defined and agreed by all governments. However, this role should not be reduced to the residual function of delivery of "community service obligations". The social and skills capital return on funding the public TAFE system, should not be measured in immediate financial returns on the government/taxpayer investment. The return on this investment needs to be measured over time in enhanced community prosperity and industry innovation and growth. There needs to be a longer-term view taken, not a short- term budget cycle view. Decisions driven purely by price (as distinct from value for money) have reduced the quality of all VET provision, but, in particular that of TAFE.

Fowler has recently called on the Productivity Commission to recognise the need to support changes. He notes that the 2017 Productivity Commission Report "Shifting the Dial Five Year Productivity Review" stated that the '*VET system is in a mess*'.¹ He suggests that:

The PC now has extraordinary opportunity to not only advise on the future of VET sector public funding, but to advance radical reforms to establish a comprehensive post schooling tertiary funding/financing system, suited to both school leavers and existing workers, to fully cover their 'work-life' learning, in both full or part qualifications (however named).²

The Productivity Commission needs to seize the opportunity and take a longer-term view in its final report. One which takes into account of the steady stream of policy failures across the tertiary system and the need for a more radical change in direction, asserting a commitment to life-long learning not just job-ready skills growth, upgrading and updating for the present labour market. To do this the Productivity Commission must recommend a new agreement that requires increased government funding for the public TAFE system to lead the way into a new comprehensive tertiary education system.

Failed government policies

Perhaps the most troubling aspect of the Interim report is that it continues with so many of the failed policies of the past decades, assuming that the shortcomings in the VET sector are simply the result of poor execution of these policies rather than fundamental flaws in the policies themselves.

The Interim Report, along with other critics of public providers, continues the well-worn argument that the public provider must compete efficiently for the available VET funding. This is argued even in the face of the last decade or more of VET competitive market failures and rorting of the so-called contestable funding and government assistance in the form of loans.

Industry bodies, according to the PC report, continue their criticism of VET generally, yet these are the very same bodies and influential industry sectors that have been "leading" the industry-led VET system – over the last two decades. As more and more businesses and industry associations have become RTOs, their capacity to provide objective advice to government has diminished and self-interest rather than public interest has dominated. Is this a system failure or a failure to understand what is involved in creating an industry responsive and flexible national education and training system? The Interim Report is regrettably silent on this question. It is time that the Federal Government recognized that problems in the VET sector have been caused by poor policy development and application, not the failure of the public TAFE provider.

Efficiency in course provision must be a performance objective for all providers, but it cannot be the only performance objective, nor the dominant one. Effectiveness is also essential, requiring an assessment of the extent to which an intervention achieves, or is expected to achieve, its objectives, and its results, including any differential results across groups. A key factor contributing to the sorry state of

¹ Productivity Commission (2017). "Shifting the Dial: 5 Year Productivity Review," p.86.

² Fowler, C. (2020). "Australia's tertiary education system: Repair to the past or rebuild for the future?" in *Campus Review*, May 18, 2020.

the VET system today is the ideological pursuit of efficiency through marketisation, so often at the expense of effectiveness and quality. The lack of transparency regarding the funding and delivery of public providers complained about in the Interim report is a curious complaint given that annual and quarterly and other state and territory reporting requirements are so extensive and often legislated. This complaint needs to be addressed by state and territories which should be required to legislate to ensure transparency and proper accountability for system performance and outcomes.

Zoellner refers to a number of economic commentators who have made the point that education is unsuitable for contracting out, and that ‘for-profit’ education has been a consistent failure in many countries, not just Australia.³ The consistency of such research should highlight the need for Australian governments to move away from these failed policies and to again invest in and support a strong educationally based VET system with the TAFE system at its centre.

A better way forward

As George Santayana wrote, *those who cannot remember the past are condemned to repeat it*. The Alliance remembers the past and urges the Productivity Commission not to repeat it.

For the past 26 years, governments seeking to make Australia’s vocational education and training system more responsive to the needs of clients (business and individuals), have relied almost totally on the blunt tools of competition policy and market manipulation to diversify the supply chain and reduce the role of the public provider. From the introduction of the concept of User Choice in 1994, through the subsidisation of for-profit providers and their exponential proliferation, through the VET FEE-HELP debacle and right though to this Interim Report, the policies and practices that have failed time and time again have been wheeled out as if they will miraculously work this time around.

During the pandemic we have seen many remarkable collaborations across Australia’s health industry. In particular, we have seen outstanding collaborations between the public health system and private providers. No policy makers are seriously suggesting that public hospitals, especially those in rural and regional Australia should compete with private hospitals for public funds to open their doors, or that CSOs for public hospitals should be the sole basis of funding them. Rather the role of both the public and private arms of the industry are seen as complementary and mutually enriching. No serious policy makers are suggesting that public universities should compete with private universities for core funding. Why then is the public TAFE system treated differentially?

We could not imagine a health system without public hospitals. Why then does the Productivity Commission continue to hallucinate about a VET system without publicly funded TAFE Institutes and Colleges?

The Alliance urges the Productivity Commission to seize this pandemic moment to declare a truce in the endless and circular market wars that have debilitated a once outstanding VET system but yielded none of the efficiencies and flexibility that have been promised over the past 26 years. The nation would be

³ Zoellner, D. (2019). “*Institutional logics: reconceptualising ‘public providers’ in post-open market technical and vocational education in training*” in *Journal of Vocational Education and Training*, Routledge, <https://doi.org/10.1080/13636820.2019.1623295>

well-served by a Final Report from the Commission asserting the complementary and essential roles of both the public TAFE system and a smaller number of quality-assured private providers which are held to account to the same level as public providers.

The national TAFE system

A complex national TAFE system, which has evolved differently in different parts of Australia, however, cannot always be neatly designed to collect an accurate and granular level of detail for all input costs and their related outputs. Input costs vary by location, course mix, teaching time and experience, student profiles, materials and equipment and quality and sophistication of infrastructure. There is no one course size that fits all. Nor can one delivery mode, be it online or face to face or mixed mode, yield a similar price.

Additionally, the constant reforms, restructurings, downsizings, rightsizings, amalgamations and de-amalgamations and changes of digital management systems platforms, have resulted in a lack of consistent and comparable financial and other data collection and integration. There has also been a massive loss of productivity during these numerous and costly management changes of direction and priorities. Substantial funding has been diverted to advertising and marketing activities when once the brand TAFE sold itself.

The Productivity Commission would have been rewarded by an investigation or interrogation into one or more large TAFE systems recent histories to illuminate the complexity of challenges they have managed while simultaneously gearing up nimbly and dexterously for the business of the competitive training market!

The casualties of all this so-called reform towards a competitive VET market have been students, their communities and the nation's capacity for skill formation. It has seen Australia's ranking continuing to drop among OECD countries on the proportion of workers with intermediate or technical skills across the economy.⁴

Public providers should retain a unique place as an institution serving the public good and public interest. TCA asserts that the provision of education and training is a state obligation to all its citizens. In this time of crisis with an economic recession caused by a pandemic, it is essential that public education and training infrastructure be protected, enhanced and funded to meet the needs of industries and community economies. Indeed, it needs to play a role in addressing skill gaps, and, importantly offering hope to the legions of unemployed displaced by this recession. It needs to be harnessed for the national good.

The TCA views TAFE as a public education and training system for building a productive and skilled workforce and an inclusive, prosperous and fair society. It needs government commitment to rebuild its

⁴ Jackson, Shirley (2020) "Coming of Age in a Crisis: Covid-19 and the Youth Guarantee", A Per Capita Discussion Paper, Per Capita, June, 2020, p.17, https://percapita.org.au/wp-content/uploads/2020/06/Coming-of-Age-in-a-Crisis_FINAL.pdf

education and training assets – its teachers and its infrastructure, whether online or in traditional training classrooms and workshops. TAFE capabilities and its reputation need to be restored.

We do not see the TAFE system as a business to make a profit by transferring all the costs of training to TAFE students or employers or industry, the majority of whom may not be able to afford to pay those costs, particularly those most vulnerable in the community or businesses with very narrow profit margins and workforce capacity.

The TAFE system (and predecessors) in most states and territories has more than a century of service to hundreds of industries, businesses, communities and thousands of people across Australia. Without TAFE as the bedrock of the VET system, setting standards for the quality of teaching and applied learning, the system will continue its downward spiral with fewer student enrolments and completions and a workforce without the capacity to meet skill needs of employers and ever-changing industries competing on world markets.

Why recognise and support the public TAFE system?

TAFE should have a defined role and guaranteed public funding because:

1. It is a national asset with a geographically distributed network of Institutes, campuses and/or colleges and offers continuity and certainty of supply. It cannot just be demand-driven or industry led. It needs to plan for what it may need to supply and be ready to deliver.
2. It possesses the professional underpinning or foundation for the VET system. If it founders, then much of the so-called training market will struggle to produce quality training in many industry sectors.
3. It has depth and breadth of industry and educational support and specialization among its teaching community. It is ready and able to anticipate changes in industry, technology and community and adapt courses accordingly, but it must be adequately funded and its public mission clarified and supported by all governments.
4. It has or had sophisticated capital infrastructure, purpose-built facilities and equipment across Australia to meet the needs of thin markets.
5. It is best placed to deliver on legislated community service obligations. It is focused on a number of key objectives: teaching the applied skills to individuals to become efficient and productive members of the workforce; ensuring courses are accessible and students gain equitable access to them; providing opportunities for people to retrain, upgrade or update their skills and knowledge; offering customized programs; teaching literacy, numeracy and foundation skills; recognizing prior learning (or credit transfer) to facilitate pathways to further training or University education.
6. It has the specialised student information and support services and programs for the most disadvantaged and disenfranchised in our community and, where these have been dismantled, they need to be restored.
7. It is part of the rural economy providing employment and purchasing goods and services from towns and districts across the country. It is essential public infrastructure for these communities.
8. It provides the economies of scale which systems offer because certain functions and services do not need to be replicated. It is efficient and offers savings through its networked system.
9. It can offer the full suite of courses and clear pathways for continuing training or further education.

10. It is innovative and able to adopt educationally sound practices including applied research approaches for staff and students.
11. Its educational provision was based on highly qualified and vocationally experienced teachers and educational support staff, which has over the last decade been undermined by poor government policies.
12. It has a track record in addressing the needs of the diverse student cohort, including providing access to students with particular requirements, and those from equity groups. It prides itself on its social inclusion services.
13. Its qualifications are credible and underwritten by government regulation offering consumer protection.
14. It partners with industry to identify skill shortages and gaps designing customized applied learning solutions.
15. It has the demonstrated capacity to provide ecologically and environmentally sustainable programs across a wide range of technical and educational domains and industries.
16. It has extensive experience in the provision of programs for CALD (Culturally and Linguistically Diverse) people, Inclusive programs for ATSIC (Aboriginal and Torres Strait Islander Communities) and relevant programs for International developing economies.
17. It has substantial experience and expertise with programs in relation to digital and emerging technologies relevant to the information, cyber security and emerging technological age.