

# 8. Providing training services that meet needs

## Key points in this section

- National and local governance arrangements should support providers' capacity to respond quickly and flexibly to the rapid changes in global and local trends for training and related services
- There is a need to strengthen and greatly extend public provider flexibility to drive customised and personalised learning services, industry engagement and to have greater business autonomy at the local level
- States/Territories should pursue governance reforms to stimulate the operational independence of public providers to deliver greater diversity in service provision.

## Responses from consultations

- There was widespread support from all stakeholders for a strong, high performing public provider, especially to reinforce its role within States/Territories as an agent of social and economic development
- Industry is concerned to secure flexibility and continuity of services especially in thin or isolated regional markets
- Provider submissions argued the governance framework for the tertiary sector should include provider representatives as valued partners
- Varied views were expressed in relation to business autonomy for TAFEs. There was some concern that it encouraged competitive behaviours, and narrowing of provision not in the interests of communities
- Jurisdictions acknowledged the *Foundations* paper did not press a 'one size fits all' approach to greater operational flexibility for TAFE institutions. However, several noted they were constrained in establishing business autonomy and investment capability for their TAFEs.

The National Training System functions in order to meet the needs of clients: individuals requiring both broad as well as specific skills throughout life to enter and re-enter the workforce, to upgrade or refocus their careers; and enterprises who need a workforce with the full range of broad, generic, technical and specialist skills to make their businesses successful.

Having a strong public provider of training working alongside diverse, robust private providers is a fundamental platform for meeting these needs and achieving COAG targets for higher level skills. We now consider the organisations that provide the training and support workforce development—the public and private providers, and how they feature in the proposed governance framework.



## 8.1 Governance dimensions of service delivery

### 8.1.1 Client expectations of VET providers

Delivering training is no longer enough.

*Consumer expectations in the 21st century are sophisticated and often complex. The National Training System's users are global, as well as local citizens and enterprises, subject to rapidly changing economic, occupational and social trends. They want the tailored, easily accessible and flexible service they have come to expect in many other contemporary service industries. Creativity and responsiveness is being demanded, not standardised or rigidly designed services. This doesn't only mean service facilitated through technology, but also more holistic and personalised services.*

Users want to choose a service to suit them. Training providers and businesses are increasingly jointly designing and integrating training with longer term corporate strategies in mind, rather than 'one-off' provision of a standardised course. Workforce development and changes in workplace culture are seen by enterprises and governments as integral to economic development, innovation and increased productivity.

### 8.1.2 What are the implications for governance?

The messages for National Training System governance are about greater simplicity to enable responsiveness and flexibility.

The emphasis for providers is on quality provision, operational flexibility and entrepreneurship. *'As the world shrinks, TAFE staff must be at the cutting edge of change in industry and occupations nationally and internationally, quickly diffusing this knowledge and translating changes into services to suit local and regional business conditions and the growing diversity of learners'*<sup>100</sup>.

The NSW Independent Pricing and Regulatory Tribunal's Review of the NSW VET sector<sup>101</sup> states that the VET system can act as a catalyst for workforce development delivering programs in a way that influences workplace cultures to ensure that the skills it provides are actually used. This has important lessons for both public and private provision in VET as this new role will require all VET providers to work more closely with industry. The Tribunal's report states that teaching alone will not be sufficient—providers must seek to develop partnerships with firms or clusters of firms that enable them to encourage these firms to provide higher skilled jobs, clearer career paths and more training. VET providers should seek out new business and develop relations with clients—the expertise that VET providers should bring relates to managing the firm's human resources better—which means the firm and the VET provider jointly considering the firm's future skill needs and training requirements, how work will be structured and organised and what that means for career paths and attraction and retention of skilled workers.

A number of reports have argued for the separation of purchaser and public provider roles at the State and Territory governance levels to free up purchasing to better meet needs where and as they arise, rather than where services are traditionally located. Autonomy for TAFE institutes has also been proposed, to enable TAFE providers to work more independently and with greater operational flexibility<sup>102</sup>. Some States have autonomous TAFE Institutes and others are moving to establish them. Contestability is also linked to the issue of governance. Victoria is well down this track and other States have set up more arms length purchasing arrangements within existing institutional frameworks.

100 TAFE NSW (2007) *Doing Business in the 21st century*

<https://www.tafensw.edu.au/news/pdf/TAFE-NSW-Doing-Business-In-The-21st-Century.pdf>

101 NSW Independent Pricing and Regulatory Tribunal (2006) *Up-skilling NSW—Final Report* page 50

102 Boston Consulting Group 2007, *Skilling Australia's workforce 2005-2008*, Mid term Review



On the other hand, other reports have suggested that a fundamentally new business model is needed to enable providers to carry out this new role, recognising that the physical, human and operational capacity to meet the challenges need to be established<sup>103</sup>. Indeed, these are seen as higher order issues than statutory or structural arrangements for administrative autonomy. The submission from the Minerals Council notes:

*There is a need to address the institutional capacity of public providers as well as the governance structures of the entire national training system in order to deliver quality outcomes from the public provider. The minerals industry rejects the notion that simply addressing governance structures will deliver a quality national training system. We particularly note the need to invest in development of the VET workforce to meet the evolving needs of industry and the Australian economy.*

Skills Australia sees that in some instances a structural solution for the greater independence of the public provider may be appropriate, but this is something that needs to be locally determined to suit the characteristics of the history, legislative base and market features of each jurisdiction. A 'one size fits all' arrangement is unlikely to be tenable. Section 5 has already discussed the Board's suggestions on market reforms.

It is clear however from our consultations that there is a need to strengthen and greatly extend public provider flexibility to drive customised and personalised learning services, industry engagement and to have greater business autonomy at the local level.

## 8.2 The value and contribution of the public provider

More tangible outcomes from training are strengthened by the capacity of both public and private providers to respond to the needs for skill development in all sectors of the economy. Diversity of provision is an asset in an era when there is a constant need to expand services and broaden and deepen the skill and knowledge base of the population. As noted earlier, competition is seen as a valuable tool in stimulating these responses and targeting specific outcomes. The Board sees it is important however to note the need for a strong and high performing public provider.

| A 2007 snapshot of publicly funded delivery |              |
|---|--------------|
| Students enrolled                           | 1.67 million |
| Number of providers                         |              |
| TAFE  | 59           |
| other government providers                  | 100          |
| community education provides                | 529          |
| Other registered providers                  | 1384         |
| Delivery locations                          | 12,427       |
| Subjects enrolled                           | 12.3 million |
| Hours of delivery                           | 390 million  |
| Public provision of hours                   | 85%          |

103 TAFE Directors Australia 2007, *Investing in productivity: Engaging TAFE to accelerate workforce development and job participation*, TAFE Directors Australia, Canberra; Allen Consulting Group 2006, *World class skills for world class industries: Employers' perspectives on skilling Australia*; Economic Development Board of South Australia (2007:136)



Areas in which the private sector has traditionally concentrated include business services, IT, creative industries, hospitality and tourism. We also know that there is substantial privately funded activity beyond that which is captured in national statistical collection. Private providers play a major role in teaching English language to overseas students and many offer commercial programs to both VET and Higher Education sector students, particularly international students.

In terms of the 1.67 million publicly funded students, TAFE and other government providers deliver to 79% of these and provide 85% of the service hours. The Australian TAFE system has an extensive demographic and geographic footprint with approximately 60 Institutes spread across 1400 campuses across the nation. The Deputy Prime Minister<sup>104</sup> has described the system as *'the engine rooms for much of Australia's training effort and success. Much will depend on the continued health and sustainability of these public providers.'*

With its origins in Australia in the mechanics institutes and schools of arts in the early decades of the 1800s, the public TAFE system is recognised to be more than a provider of training<sup>105</sup>. TAFE institutions have been responsible for longstanding associations with local employers small and large, building partnerships and networks in the communities they serve. The institutions themselves are large employers and have substantial local presence and standing, providing enabling physical and intellectual infrastructure for economic and community development in a region. They are understood to provide unique value through *'specialist learning environments, extensive training capability, network of campuses and its responsiveness to industry'*<sup>106</sup>.

The OECD<sup>107</sup> acknowledges that community service obligation needs to be properly recognised and recompensed. It also makes the observation that effective partnerships between providers and industry are important and that *'currently the quality of such partnerships depends heavily on personal relationships. While these are important, they need to be systematically supported perhaps through a small fund for innovative local initiatives'*.

TAFE Directors Australia also highlight the need for a much greater and deeper appreciation of the role and capacity of TAFE Institutes in any construct of national governance arrangements. This includes their responsibilities in the equity and social inclusion arenas—especially across regional and remote Australia, as well as the capacity of their networks of campuses to meet local and regional skills needs, employer and customer demand<sup>108</sup>. This point was echoed in other submissions:

*'The size and scope of delivery of training providers varies enormously from owner-operators in niche domestic markets to large, multi-campus organisations operating on-shore and off-shore. While the VET sector's primary focus is the delivery of skills training, TAFE providers are part of the fabric of communities and accept responsibilities for social inclusion, strategic community and regional development'*<sup>109</sup>.

Examples of Wallan, north of Melbourne and New Rouse Hill in western Sydney were given in submissions, illustrating the planning that is occurring now in conjunction with TAFE and local and state governments for skills leading to industry attraction and investment in these new communities.

While emphasising jurisdictions should be encouraged to work toward a greater degree of competition to drive improvements in the quality, responsiveness and flexibility of training, Skills Australia believes it is important to continue to support the capacity of public providers

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104 The Hon Julia Gillard MP(2009) Speech given at the Big Skills Conference, 5 March 09 [http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article\\_090305\\_093449.aspx](http://www.deewr.gov.au/Ministers/Gillard/Media/Speeches/Pages/Article_090305_093449.aspx)

105 Gillian Goozee (2001) *The development of TAFE in Australia*, NCVER, <http://www.ncver.edu.au/research/proj2/mk0003.pdf> 9 Mar 09

106 Allen Consulting Group (2006) *The complete package: the value of TAFE NSW* p2, accessed at <https://www.tafensw.edu.au/news/the-complete-package/The-Complete-Package.pdf> 24 Feb 09

107 K Hoeckel op cit p 39

108 See submissions from TAFE Directors Australia and TAFE SA in response to Skills Australia discussion paper *Future Governance Arrangements for the National Training System*. See also TAFE Directors Australia submission to the Australian Higher Education Review

109 Submission from the Victorian TAFE Association



in terms of ensuring adequate core funding to cover community service obligations including promoting social inclusion, ensuring access particularly in thin markets, and funding infrastructure such as libraries and student counselling and support. Funding for programs that are responsive to industry needs and which will drive innovation and fresh direction in developing the skills base should become increasingly competitive over time.

A range of industry submissions argued for a strong and well resourced public TAFE system:

*We support the involvement of both private and public training providers in the market to increase choice, responsiveness, flexibility and innovation to better meet industry and consumer needs. On the basis of its capacity and continued willingness to address regional and local industry and stakeholder needs, including those in thin-markets, TAFE needs to remain as a key provider in the NTS and be able to access funding for thin-market delivery<sup>110</sup>.*

There was widespread support in provider submissions<sup>111</sup> for increased operational flexibility and operational autonomy of public providers as well as a more level playing field for both public and private providers. The submission from ACPET argues strongly for a system where *'there is no advantage given to institutes by virtue of their public sector ownership and that there should be a truly competitive national VET market'*.

*On balance, Skills Australia considers that in order to position public providers for a more competitive environment, this will mean the requirement for them to operate as public entities with core funding provision, being balanced with greater independence. TAFE institutions should have sufficient incentive to compete and flexibility to operate and develop their business to suit changing contexts.*

This may include removing operational constraints around delegations, reporting and budgeting and the ability to use earnings to reinvest in service capability. This will be vital for continuing service innovations and success in a more competitive market. The submission from RMIT notes there is a need to ensure *'the achievement of national economic and public policy outcomes do not disproportionately become the responsibility of public providers without consequent resources'*.

### 8.3 Governance matters for providers in the VET sector

In this context Skills Australia notes there will be a growing role for RTOs and trainers to work as consultants to firms, designing training and brokering other services and as facilitators of learning. Moreover, the workplace will become increasingly the site of learning—this in turn will help forge closer relationships between RTOs and firms and thus enhance the scope of RTOs to contribute to workforce development.

This means that training providers need to develop sound governance and operational methodologies which:

- are informed, creative and entrepreneurial in ways they work with enterprises, regional development bodies, peak industry groups, local government, and community bodies
- establish and cultivate regionally based networks and partnerships
- have the capacity to tailor singular solutions for particular firms or groups of firms as well as holistic and collaborative approaches suited to local communities and their specific needs.

While there are some providers in the system who are on this path, the challenge is to make this way of working part of all providers' modus operandi.

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<sup>110</sup> Confidential industry submission

<sup>111</sup> Submissions from the TAFE NSW Commission Board; Victorian TAFE Association; TAFE Directors Australia



## 8.4 Recommendation

It is recommended that:

- xv. State/Territory governments undertake appropriate governance reforms to increase the operational flexibility and business autonomy of public providers to stimulate greater diversity in service provision, and to ensure they are strongly positioned in an increasingly competitive market to contribute to COAG and Bradley targets.



# Appendix A

## Submissions received in response to draft proposals (April 2009)

1. Individual—confidential
2. Industry stakeholder—confidential
3. Griffith University—Vice Chancellor
4. National Quality Council
5. TVET Australia Ltd
6. Western Australia Department of Health
7. Australian Education Union
8. Australian Technology Network of Universities
9. ACT Accreditation and Registration Council
10. Industry Training Advisory Bodies Association of Victoria (VITAB)
11. ForestWorks
12. Victorian TAFE Association
13. Australian Manufacturing Workers Union (AMWU)
14. TAFE NSW Managers Association
15. Industry Skills Councils' Collective
16. Australian Council of Trade Unions (ACTU)
17. Australian Council for Private Education and Training (ACPET)
18. Industry stakeholder—confidential
19. RMIT University—Vice Chancellor
20. Manufacturing Skills Australia
21. Minerals Council of Australia, Chamber of Minerals & Energy WA, and QLD Resources Council
22. Community Services & Health Industry Council
23. National Centre for Vocational Education Research (NCVER)
24. TAFE Directors Australia (TDA)
25. Health and Community Services Workforce Council (Queensland)
26. TAFE Teachers Association, NSW Teachers Federation
27. Australian Industry Group
28. Department of Education Services, Western Australia
29. Victorian Skills Commission
30. Motor Trades Association of Australia
31. Service Skills Australia
32. Department of Further Education Employment Science and Technology, South Australia
33. Peak Bodies Collective (Enterprise RTOs Australia, ACPET, TDA, Group Training Australia)
34. Confidential
35. Skills Tasmania
36. Association of Consulting Engineers Australia
37. Universities Australia
38. Queensland Training and Employment Recognition Council
39. NSW Minister for Education and Training—NSW TAFE Commission Board
40. NSW Food Industry Training Council
41. Department of Education and Training, Western Australia
42. ACT Minister for Education and Training
43. TAFE NSW Institute Multicultural Education Coordinators

